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The Industry Commission acts as the Secretariat for the Steering Committee on National Performance Monitoring of Government Trading Enterprises. The Industry Commission is amalgamating with the Bureau of Industry Economics and the Economic Planning Advisory Commission to form the Productivity Commission, which will continue the role of Secretariat for the Committee.

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Steering Committee on National Performance Monitoring of Government Trading Enterprises

This is the fifth annual report of the Steering Committee for National Performance Monitoring on Government Trading Enterprises (GTEs). It covers the period 1991–92 to 1995–96.

As Chairman of the Steering Committee, I am pleased to report that the reform of GTEs is continuing to deliver benefits both to customers and to governments. Real prices of services continued to fall across most GTEs last year — real prices have now been falling since 1991–92.

Assessing the quality of service provided by GTEs is as important as measuring financial performance. I am concerned that many GTEs do not provide adequate information about service quality. However, the limited information available suggests that service quality within most sectors is improving, but very slowly.

At the same time, GTEs increased their real payments to government substantially — since 1991–92 the total amount payable to government has more than doubled. Profitability, as measured by the operating sales margin, increased slightly during the year and is now almost at the same level as in 1991–92.

Although the GTEs discussed in this report have generally improved their performance, not all have shown the same rate of improvement. Notably, the financial performance of urban transport authorities is cause for concern. During the year most urban transport authorities reported significant declines in returns on assets and falls in overall cost recovery.

There is a need for improvements in reporting by GTEs to continue. Collectively GTEs comprise a large segment of the economy and deliver key services both to households and the business sector. In particular there is scope to improve the use of consistent asset valuation methods and the treatment of community service obligations (CSOs).

Reporting on the financial performance of GTEs is affected by the methods used for asset valuation. Whilst most monitored GTEs now report in some form of current value terms, the methods adopted vary. Moreover, a number of GTEs continue to use an historical cost basis for asset valuation. Inconsistencies in asset valuation make performance comparisons across GTEs and over time difficult.

Many GTEs are required by their owner governments to provide CSOs, and in some cases these are not explicitly identified or costed. There is still a variety of funding mechanisms in place; some of these militate against transparency. In many cases there is no basis for determining whether CSOs have been costed appropriately, or if they have been costed at all.

Some GTEs have decided not to provide the Steering Committee with non-financial performance indicators such as electricity generation emissions and interruptions to supply. They claim that disclosure is inconsistent with competitive neutrality because it would advantage potential private sector competitors by providing them with commercially sensitive information.

The public as both consumers and shareholders have the right to be assured that they receive the best value possible from the use of public assets. GTEs should be required by owner governments to publicly justify why it is not in the public interest to disclose important non-financial information.

Now is an appropriate time to take stock and review the project's initial objectives. When national performance monitoring commenced, most monitored GTEs were under direct Ministerial control, and some operated as government departments. Now, central agencies have monitoring systems in place and some GTEs are subject to independent price reviews by regulators. Accordingly, the Steering Committee is currently examining the objectives of national performance monitoring and assessing the effectiveness of the current monitoring process.

This publication was compiled by the Secretariat under the direction of the Steering Committee on National Performance Monitoring of Government Trading Enterprises. The Steering Committee, with members from the Commonwealth, State and Territory Governments, thanks all those involved in its preparation. In particular, it thanks the various working groups and the participating GTEs without whose co-operation this report would not have been possible.

Bill Scales AO
Chairman

CONTENTS

VOLUME 1

	OVERVIEW	
1	BACKGROUND	1
2	ELECTRICITY	15
3	GAS	39
4	WATER, SEWERAGE, DRAINAGE AND IRRIGATION	51
5	URBAN TRANSPORT	77
6	RAILWAYS	99
7	PORT AUTHORITIES	121
8	OTHER COMMONWEALTH GTEs	143
9	PERFORMANCE AT THE NATIONAL AND JURISDICTIONAL LEVEL	167
 ATTACHMENTS		
A	ENTERPRISE LISTINGS	187
B	MONITORED GTEs	195
 REFERENCES		
		207

OVERVIEW

The process of reforming government trading enterprises is now well established.

When national performance monitoring commenced in 1992, most monitored GTEs were still under direct Ministerial control, and some operated as Government Departments. Their objectives — commercial, social and regulatory — were frequently in conflict, making it difficult to assess performance.

Five years on, most GTEs have been corporatised. Independent boards have been given responsibility for managing these enterprises at arm's-length from their owner-governments. At the same time other reforms — such as the removal of statutory monopolies and the introduction of access arrangements — have increased the competitive pressures faced by GTEs.

Restructuring is continuing in response to the Hilmer Reforms.

Jurisdictions have subjected their GTEs to extensive restructuring. Single government trading enterprises have been divided into separate — and frequently, competing — businesses, either according to their activities or on regional lines. Substantial privatisation has occurred within the Victorian electricity and ports sectors.

Shareholder interest is now an important driver of monitoring.

Governments have increasingly adopted the perspective of a shareholder representative. Consistent with their shareholder interests, they are now developing value added and value management systems.

Tensions are emerging between commercial independence and transparency.

Some corporatised GTEs are reluctant to provide information to the Steering Committee on the grounds that this requirement conflicts with their commercial independence. Moreover, they argue that some of the data requested are commercially sensitive and therefore should not be publicly disclosed.

There was a modest improvement in profitability.

Financial performance

Profitability showed a modest increase to 21.2 per cent in 1995–96. Over the monitoring period, profitability has remained relatively stable with the falls in the profitability of the electricity and urban transport industries being more than offset by increases in all other industries.

Real payments to government are increasing rapidly.

Since 1991–92, dividends, tax and tax equivalent expense increased by over 40 per cent to almost \$ 5 billion (1989–90 dollars).

This result was largely due to an increase in total real payments to government by Telstra, rising over 50 per cent. In 1995–96 Queensland rail became the first rail GTE to make a dividend payment (\$166 million in current dollars).

Since 1991–92, the total amount payable to government has more than doubled. This reflects the emphasis now placed on *competitive neutrality*, where GTEs make the same dividend payments to their owners as they would in private hands, and pay all taxes and charges that private companies pay, including sales tax equivalents.

The return on assets in 1995–96 rose slightly.

The overall return on assets increased slightly, with marked increases recorded by the two main Commonwealth GTEs, Telstra and Australia Post.

On the whole the return on assets has remained relatively stable since 1991–92.

The financial performance of some GTEs — notably urban transport authorities — is not improving.

This overall stability in the return on assets does not apply to urban transport GTEs. With the exception of Brisbane Transport, urban transport authorities reported a significant decline in their return on assets in 1995–96. To some extent this reflected a fall in earnings (which includes payments from governments), but also the revaluation of assets.

Within urban transport, cost recovery from customer revenue remained fairly stable at just under 38 per cent. A small increase in customer revenue was offset by an increase in operating expenses. Increases in operating expenses were experienced by almost all urban transport authorities.

The provision of Community Service Obligations (CSOs) is a significant part of the core activities of industries such as urban transport. Unless CSOs are explicitly accounted for through direct payments based on the costs of provision, financial performance is difficult to assess.

Although there have been some recent improvements in the transparency of funding of CSOs, some authorities still do not receive payments explicitly linked to the provision of CSOs. For instance, the Public Transport Commission receives funding from the Victorian Government for general operating transport deficits.

Customer satisfaction

Customer satisfaction shows little improvement.

Many GTEs fail to provide information about this aspect of their performance. However, the information before the Steering Committee, though limited, suggests that, overall, customer satisfaction within most sectors is improving, but very slowly.

Furthermore, there is evidence of deterioration in service quality within urban transport (a rise in delays and in the number of services cancelled) and port services (a rise in turnaround times in bulk ports). A favourable indicator, however, was a slight increase in urban transport patronage.

Real prices fell over 5 per cent in 1995–96.

All industries recorded a fall in their real prices compared to 1994–95. The most significant decline was in water services.

This continues an uninterrupted trend of falling real prices since 1991–92. Since 1991–92 the average real price index for GTE services has fallen by around 15 per cent. This is mainly a reflection of the reduction in prices of the electricity industry, Telstra and Australia Post. The only sectors to report an increase in their real price indexes since 1991–92 were the gas and urban transport industries.

1 BACKGROUND

The impact of reforms to government trading enterprises (GTEs) on performance monitoring is reviewed in this chapter. In addition, a review of future trends in performance monitoring currently being conducted by the Steering Committee is briefly discussed.

1.1 Reform progress

Governments are undertaking the reform of GTEs to improve the use and allocation of resources in the public provision of goods and services. The main thrust of the reform is to clarify objectives and expose the GTEs to competition wherever this is possible.

The reform process typically involves:

- ensuring the GTEs are at arm's length from government;
- separating regulatory from business functions;
- setting commercial objectives, such as maximising shareholder return — facilitated by separate funding of community service obligations (CSOs); and
- imposing factor market disciplines by requiring private sector employment conditions and a rate of return on the full cost of capital.

Governments have established principles, now enshrined in the Council of Australian Governments (COAG) *Competition Principles Agreement*, which aim to increase competitive disciplines. These principles require:

- structural reform of public monopolies;
- competitive neutrality between public and private sectors — such as requiring tax-equivalent payments;
- prices oversight of government business enterprises; and
- access to essential facilities and a review program for legislation that restricts competition.

In addition to this general package of reforms, industry-specific initiatives have been applied to electricity, gas, water and road transport.

In the transition to a more commercial orientation, governments have had to deal with a series of issues relating to pricing and regulation, asset valuation, dividend policies, capital structure, debt financing and the treatment of CSOs.

The reform process has also impacted on the effectiveness of performance monitoring. There have been changes to the way financial data are reported and physical non-current assets are valued, and in the methods of identifying and costing CSOs. In addition, the application of competitive neutrality principles, such as tax-equivalents, debt guarantee fees and dividend policies, have also influenced the way in which financial performance is interpreted.

The progress of reform and the impact of the changes that have taken place on performance monitoring are reviewed in this section.

Asset valuation

The Steering Committee (1994) published *Guidelines on Accounting Policy for Valuation of Assets of Government Trading Enterprises* and recommended their adoption by GTEs as a part of the national system of performance monitoring. The purpose of the Guidelines is to provide the framework for consistency in the valuation of non-current physical assets of GTEs so that relevant and comparable financial information is available for effective performance monitoring. These Guidelines apply where their application is of material consequence.¹

Asset values and related expenses impact on almost all the financial indicators — and some non-financial indicators — reported to the Steering Committee. Hence, the opportunity to analyse and compare indicators is limited if GTEs report using different methods of asset valuation. The Steering Committee recommends a ‘current value to the entity’ approach to the valuation of the non-current physical assets of GTEs — the *deprival method*.² This recognises the *service potential of assets* used by a GTE to pursue its objectives as the most appropriate method of valuation.

The impact of asset valuation methodology on financial indicators suggests that a performance agreement between a GTE and its owners should specify the method of valuing material non-current physical assets. In most jurisdictions

1 Accounting Standard AAS5, ‘Materiality in Financial Statements’ is to be applied to determine the materiality of particular items.

2 The deprival value method includes valuing an asset at its current price, its current replacement cost, or the net present value of future cash flows, depending on the circumstances.

the asset valuation method is, or is proposed to be, specified in a performance agreement.

The majority of monitored GTEs now report in some form of ‘current value terms’ (see Tables 1.1 and 1.2). That said, there is variation in the precise methods adopted.

Table 1.1 Asset valuation methodologies by industry, 1995–96

<i>Industry</i>	<i>Number of GTEs using current value valuation</i>	<i>Number of GTEs using historical cost valuation</i>
Electricity	19	2
Gas	2	1
Water	14	6
Urban Transport	7	3
Rail	2	4
Port Authorities	8	6
Other	2	3
All	53	26

Note The totals in Tables 1.1 and 1.2 will not correspond due to double counting of GTEs that undertake operations in more than one industry.

Table 1.2 Asset valuation methodologies by jurisdiction, 1995–96

<i>Jurisdiction</i>	<i>Number of GTEs using current value valuation</i>	<i>Number of GTEs using historical cost valuation</i>
New South Wales	19	0
Victoria	5	7
Queensland	10	1
Western Australia	2	4
South Australia	4	0
Tasmania	5	4
Australian Capital Territory	1	1
Northern Territory	1	1
Commonwealth	8	0
All	49	24

Note The totals in Tables 1.1 and 1.2 will not correspond due to double counting of GTEs that undertake operations in more than one industry.

The continued use of the historical cost basis of asset valuation is a matter of concern. The Steering Committee recognises that financial reports serve several different purposes and has requested that jurisdictions require GTEs to produce

either general purpose or special purpose financial reports for performance monitoring purposes using the recommended asset valuation methodology. However, the Steering Committee endorses current value methodology for performance monitoring.

Developer charges and contributed assets

GTEs commonly require customers to provide the capital to finance the infrastructure necessary to supply the services demanded by customers. These payments, in cash or kind, are referred to as developer charges or contributed assets. In some sectors these payments represent a significant proportion of annual revenues. However, the Steering Committee does not include contributions in their measure of total revenue because there is a wide variation in the way in which they are brought to account.

Statement of Accounting Concepts 4 (SAC 4) recommends that contributions be reported as revenue in the year received. It is argued in SAC 4 that contributions are not usually the subject of an explicit legal contract between the customer and the supplier and do not, therefore, represent a liability. Hence, SAC 4 recommends that contributions be recognised as revenue in the year received, irrespective of any obligation on the supplier to provide services to the customer in the future. Only contributions that are subject to a written contract are recognised as representing a liability and are amortised over the life of the contract.

The Steering Committee has adopted the position that all such contributions represent a financing device and are relevant to the provision of infrastructure services over the lifetime of an asset or, where one exists, the lifetime of a contract. It therefore recommends that all contributions be amortised over the appropriate period.³ However, the Steering Committee recognises that there may be practical limitations to this method — particularly in the treatment of assets contributed in previous years.

Accounting for contributions is an important performance monitoring issue. However, until there is a more uniform treatment of contributions, the Steering Committee will continue to exclude contributed assets from total revenue.

3 This could be done in either a special purpose or a general purpose financial report by a GTE.

Capital structure

The asset valuation methodology adopted, together with periodic asset revaluations, affect the level of equity reported by GTEs. Equity is a residual measure, obtained by deducting total liabilities from total assets. Hence, when a GTE shifts from the historical to current valuation of its non-current assets, there is a one-off recognition of any differential between the historical and current asset value. For example, if the current value exceeds the historical cost, an increase in equity occurs as a consequence.

Revaluations undertaken within a consistent approach to valuing assets represent a change in the expectations of future operating conditions. These are also reflected in the value of the owner's equity in the GTE — as if the share price of a listed company had changed.

There is growing recognition of the impact of capital structure on the incentives for managers of listed firms to manage for the benefit of shareholders (for example, see Hart, 1995). The need for appropriate incentives arises because there is a separation between the ownership and the control of the business. Shareholders are residual claimants. It is argued that debt reduces the free cash flows available to managers to divert to 'empire building' of doubtful value to shareholders. Other theories stress the tax benefits of debt.

Most jurisdictions make the achievement of a 'commercial' capital structure a component of performance agreements with their GTEs. However, governments guarantee the debt of their GTEs and, therefore, bear the ultimate financial risk associated with that debt.

A debt-guarantee fee is a way of ensuring that financial decisions reflect normal commercial circumstances and not the fact that the debt is guaranteed by a government. This fee is calculated to increase the notional cost of capital to a level obtainable by the GTE as a stand-alone entity with no explicit or implicit government guarantee on debt.

Not all monitored GTEs currently pay debt-guarantee fees. This situation compromises competitive neutrality and weakens the discipline imposed by financial markets through the cost of capital. However, the National Competition Principles agreement provides that all GTEs should have a debt guarantee levy in place by 30 June 1997.

Dividends and other payments by GTEs

Most payments to government are in the form of tax-equivalents and dividends. However, within some jurisdictions special payments are made by some GTEs.

Dividend payments are a financial discipline aimed at requiring GTEs to earn and pay a rate of return on equity capital. They are also a competitive neutrality measure that ensures that public ownership does not provide a financial advantage through not having to meet the normal cost of the equity capital.

For the most part, dividend policies are incorporated into annual financial performance agreements between GTEs and governments based on commercial considerations. For example, AlintaGas paid no dividend in 1995–96 as part of a debt-reduction strategy agreed between the Board of AlintaGas and the relevant WA Government Minister.

Tax-equivalent payments are designed to redress any tax advantage derived from being a publicly owned organisation. Tax-equivalent payments are primarily a competitive neutrality measure, rather than a revenue mechanism.

Tax-equivalent payments are now paid by most major GTEs and are factored into financial distribution policies. Pre-tax profit financial distributions usually comprise dividend payments plus tax equivalent payments. The pre-tax profit financial distribution may be a minimum percentage (for example, 50 per cent) of net operating profit, with the final figure determined by negotiation on a case-by-case basis.

GTEs use tax effect accounting procedures for determining their tax or tax equivalent expense relating to the reporting period. This differs from the tax payable within the same period because of timing effects.⁴ Table A9.5 reports both tax and tax equivalent expense, as determined under tax effect accounting, and tax payable for each industry in 1995-96.

Treatment of CSOs

Many GTEs are required by their owner government to provide goods and services — *Community Service Obligations* — to some categories of users at a price that does not cover all costs. The Steering Committee has defined a CSO as any government directive that:

4 For example, the schedule of depreciation for an asset permitted by the tax authorities may differ from the schedule the enterprise elects to adopt for the calculation of before-tax profit. In any particular year, the amount of depreciation expensed for taxation purposes may differ from the amount to calculate before-tax profit, even though, over the life of the asset, the total amount of depreciation is the same.

requires a GTE to carry out activities relating to outputs or inputs which it would not elect to do on a commercial basis, and which the government does not require other businesses in the public or private sectors to generally undertake, or which it would only do commercially at higher prices (Steering Committee, April 1994).

The Steering Committee recommends that all CSOs are identified, costed and that their funding sources are documented.

Some payments are made that are not recognised as reimbursement for CSOs. For example, Australian National has received revenue supplements for its passenger service in the past, although the services have not been explicitly identified as a CSO.

That said, most jurisdictions have embarked on programs to review all their major CSOs, or are about to do so. They have adopted policies which include the identification of all CSOs delivered by GTEs, the negotiation of contracts for their provision, the application of a consistent costing method to all CSOs and their direct funding through the budget.

The cost impact of CSOs must be taken into account in order to judge the financial performance of a GTE. This requires a consistent approach to costing. The Steering Committee recommends that avoidable cost is the preferred benchmark for measuring the costs of CSOs, although it may be necessary to value CSOs at above avoidable cost when GTEs are subject to economies of scale and scope. Jurisdictions have, in principle, adopted this costing methodology, although there may be exceptions, such as estimates of *foregone revenue* for costing pensioner concessions.

Although most jurisdictions have a policy of funding CSOs directly from Consolidated Revenue through the budget, alternative funding mechanisms, such as cross-subsidies between users and acceptance of lower rates of return, are still in place (see Table 1.3). These funding methodologies may coexist within a single GTE.

The Steering Committee recognises that there may be practical difficulties with direct funding of all CSOs. However, alternative funding mechanisms militate against transparency. In many cases there is no basis of determining whether the CSOs have been costed appropriately, or if they have been costed at all.

Table 1.3 Methods of funding CSOs used by Australian governments

<i>Jurisdiction</i>	<i>Accepting a lower rate of return</i>	<i>Direct funding</i>	<i>Internal funding</i>	<i>Cross-subsidisation</i>
New South Wales		✓		
Victoria		✓		✓
Queensland	✓	✓		✓
Western Australia		✓		
South Australia		✓	✓	
Tasmania	✓			✓
Australian Capital Territory		✓		
Northern Territory	✓	✓		
Commonwealth	✓	✓		✓

Source Industry Commission, 1997.

Performance monitoring

Robust performance comparison is only possible if consistent definitions and accounting treatments are followed. Currently there are a number of inconsistencies that are compromising national comparisons.

Asset valuation

Performance comparisons over time based on indicators that include an estimate of asset value have to be interpreted with care. There is a loss of comparability with the introduction of new valuation techniques. For example, in July 1995, ETSA Corporation stopped reporting in historical cost terms and adopted a current value methodology for valuing some classes of physical non-current assets.

Revaluations of assets using a consistent methodology, although posing some analytical difficulties, do not compromise robust performance comparison over time. The use of consistent methodology also allows comparison of the performance of entities operating in the same market where revaluations are required because of changed market circumstances.

For example, Pacific Power wrote down the value of its generation assets by \$1.8 billion in 1995–96 prior to being separated into three new corporations. If the write-down is attributable to *uncertainty* — or for that matter, downward pressures on prices brought about by competition — caused by the advent of the National Electricity Market, the write-down reflects an external change in market circumstances.

Over the past few years, considerable improvements have been made in the quality of the data available for performance monitoring purposes through the introduction of more consistent asset valuation methods. The introduction of Competitive Neutrality policies is expected to lead to more consistency in asset valuation.

CSOs

Until uniform policies are in place, fully accounting for CSOs in monitoring the financial performance of GTEs is not possible.

Productivity

The Steering Committee has nominated total factor productivity (TFP) as its preferred measure of technical efficiency (Steering Committee, July 1992). TFP relates total output to the total combination of inputs used to produce that output. Partial productivity measures relate total output to one particular input.

Only a small number of GTEs report their total factor productivity. One possible reason for this is that total factor productivity is relatively difficult to calculate and it requires a significant initial effort on the part of GTEs to collect the relevant information. Partial indicators are simpler to calculate and are more widely reported.

1.2 Future directions in monitoring

The Special Premiers' Conference (now the Council of Australian Governments) established the Steering Committee on national performance monitoring of GTEs five years ago. Since national performance monitoring commenced, there have been a number of changes to the structure and governance of GTEs, making it desirable to review the project's initial objectives.

To assist the review, the Steering Committee surveyed users of the Steering Committee's annual report (the 'Red Book'). It considered a number of papers on the future directions of national performance monitoring. Discussions were held with representatives of the Commonwealth, State and Territory governments on the Steering Committee.

Changes since the commencement of national performance monitoring

The process of reforming GTEs is now well established. When national performance monitoring commenced, most monitored GTEs were still under direct Ministerial control, and some operated as Government Departments. Their objectives — commercial, social and regulatory — were frequently in conflict, making it difficult to assess performance.

Five years on, most GTEs have been corporatised. Independent boards have been given responsibility for managing these enterprises at arm's-length from their owner-governments. At the same time other reforms — such as the removal of statutory monopolies and the introduction of access arrangements — have also increased the competitive pressures faced by GTEs. Commercial objectives have been given primacy and many regulatory functions have been transferred to other, non-trading, agencies. These changes have made it easier to assess performance.

Jurisdictions have subjected their GTEs to extensive restructuring. Some single government trading enterprises have been divided into separate — and frequently, competing — businesses, either according to their activities or on regional lines. Some former GTEs have been privatised and are no longer required to provide information to the Steering Committee. The net result, however, has been an increase in the number of GTEs subject to monitoring. Discontinuities have been created in the data set generated by national performance monitoring. A list of all the GTEs covered by national performance monitoring each year since 1991–92 is provided in Appendix A.

The interests of some governments have shifted somewhat from transparency and reform to the perspective of a shareholder representative. Consistent with their shareholder interests, they are now developing value added and value management systems and no longer regard the information in the Steering Committee's annual report (the 'Red Book') as the main means of monitoring performance. However, other governments continue to rely on the Red Book for reviewing the progress of reform within their jurisdictions.

Objectives of national performance monitoring

The original objectives of national performance monitoring were to:

- increase competitive pressure in GTE industries by introducing benchmark competition;
- assist governments to improve GTE performance;

- provide a national system of performance monitoring to complement the monitoring mechanisms currently used by governments and industry associations; and
- set national or international best practice benchmarks for GTEs.

The objective of governments when establishing a *national system of performance monitoring* was to increase accountability for performance through transparency. The Steering Committee's system of performance monitoring is now well established. Consistent definitions have been developed and adopted nationally. The changes that have taken place since the project commenced have not diminished the requirement for accountability. Indeed, the need for accountability and transparency increases with independence and lighter supervision.

Earlier in its life, national performance monitoring provided leverage for governments to *improve GTE performance*, but other mechanisms have been developed for this purpose within the competition policy framework. That said, the structural and governance reforms instituted by the jurisdictions have had greater importance than national performance monitoring in increasing *competitive pressures*.

The Steering Committee believes that the research undertaken in conjunction with national performance monitoring has been a valuable contribution to the *reform* of GTEs. For example, publications such as those covering Community Service Obligations, Asset Valuation and Economic Rate of Return have been influential in the formulation of reforms and supervision.

International best practice *benchmarks* have not been established. Benchmarking identifies 'best practice' in an industry or sector. The Committee decided that 'yardstick' competition — based on comparisons between GTEs — is more relevant to national performance monitoring than benchmarking. Benchmarking can be carried out more cost effectively through other vehicles such as the International Benchmarking work of the former Bureau of Industry Economics, which is to be continued by the Industry Commission, and the Productivity Commission when it is established.

Current relevance

The Steering Committee is considering options for the future directions of national performance monitoring. It has not yet been established that the existing objectives require modification. However, any consideration of objectives should have regard for the needs of the principal stakeholders — central agencies, regulators and the GTEs themselves.

In the Committee's view, the main rationale for continued monitoring is an on-going and increasing need for accountability for performance through transparency. The continued involvement of all governments through the Steering Committee is justified by the need for national comparability, the economies of monitoring co-operatively and the need to prevent any perception of conflicts of interest.

From the standpoint of governments taking a shareholder perspective of their GTEs, independent regulators, rather than governments, may now be the chief stakeholders of national performance monitoring and require access to nationally consistent performance data.

From a central agency perspective, the principal use of the Red Book should be to document the progress of reform and its benefits and thereby assist in establishing the efficacy of further reform.

In the Steering Committee's view, there is an ongoing need for research — in the future this may be the main focus of the Steering Committee's work.

Scope of national performance monitoring

The Steering Committee believes that corporatised GTEs should continue to be monitored and that indicators of their performance should continue to be published. It would be desirable to include comparisons of private and public business performance, but the involvement of private businesses would depend either on their voluntary participation or on confining comparisons to those made possible using published data (usually financially-based).

Some members of the Steering Committee have suggested that the scope of reporting by GTEs could be broadened to include such entities as:

- financial institutions;
- public housing property management;
- public trustees;
- central borrowing agencies; and
- forestry agencies.

Indicators

Performance information must be as relevant to the needs of stakeholders as possible. The burden of collection should be kept to a minimum to ensure GTEs' on-going commitment to the project.

The Steering Committee believes that the current indicators are generally appropriate. However, it will review the current suite of indicators and their categorisation in the light of the needs of the principal stakeholders — central agencies, GTEs or regulators. This may result in an expansion of the current suite of *financial* indicators to include indicators used by ratings agencies and the elimination of a small number of other indicators.

The *non-financial* indicators will also be reviewed with an emphasis on relevance for management purposes and the provision of interpretative contextual information. Data not required for these indicators or essential for their interpretation may be eliminated from the collection. The review will be conducted in consultation with GTEs, industry associations and jurisdictions.

Commercial-in-confidence

Some corporatised GTEs have objected to continued participation in national performance monitoring on the grounds that some of the indicators are commercial-in-confidence and that their disclosure is inconsistent with *competitive neutrality*. Furthermore, they argue that having to provide data is inconsistent with arms-length independence from government.

Public disclosure is in the public interest in ‘market failure’ circumstances where public and private businesses are allowed to operate in less than fully competitive markets.

Agencies charged with protecting the public interest must also be accountable through disclosure. Accountability has two dimensions — *shareholder* and *regulatory*. For example, where government agencies act as proxy shareholders for the community, they must submit evidence that the best possible return on the public assets — such as, publicly raised capital, and land — is being achieved. And, it behoves independent regulators to demonstrate that they are safeguarding the public interest against abuses of market power.

The case for disclosure diminishes when markets are working efficiently. Where there is competition, public disclosure may disadvantage a GTE if similar information about its competitors is not disclosed. That said, GTEs may still be required to provide data to government supervising agencies and regulators — as private businesses are to their Board of Directors.

The majority of the data published in the Steering Committee’s annual report are publicly available and will continue to be published. However, the Steering Committee has agreed that exemptions will apply where items are commercially sensitive, with the onus placed on the GTEs concerned to demonstrate why the data should be treated as confidential.

2 ELECTRICITY

Key results 1995–96

- **The profitability of electricity GTEs was unchanged ...**
The operating sales margin for electricity GTEs was stable at 25 per cent.
- **... as return on assets stabilised ...**
Return on assets was unchanged from 1994–95 at 8.6 per cent, having consistently declined the preceding three years from 11.3 per cent in 1991–92.
- **... and real payments to government continued to rise.**
Total real payments to government increased by just under 15 per cent, due to a 60 per cent increase in income tax equivalent expense.
- **Consumers benefited from further price reductions ...**
There was a 4 per cent decrease in average residential real prices while average industrial and commercial real prices fell by just over 6 per cent. The average overall price has fallen by 15 per cent in real terms since 1991–92.
- **... as well as a slight improvement in the reliability of supply.**
On average, consumers experienced shorter and less frequent interruptions in the supply of electricity than during 1994–95. However, the average loss of supply factor (minutes per customer per year) remained marginally higher than that recorded in 1991–92.

The 22 electricity GTEs monitored in this report generated revenue of over \$14 billion, administered assets valued at \$45 billion and employed the equivalent of 33 800 full-time staff in 1995–96.¹ They were responsible for

1 Assets as at 30 June 1996.

generating, transmitting and distributing electricity to over 5 million residential customers and almost 1 million businesses.²

2.1 Industry structure

The Australian electricity supply industry has undergone significant structural change during the past five years. In contrast to 1991–92, when the industry was dominated by vertically-integrated, State-based monopolies, activities currently undertaken by electricity GTEs vary widely (see Table 2.1). Furthermore, a comprehensive privatisation program in Victoria has significantly reduced public ownership of electricity assets in that State.

Reform has been influenced mainly by inter-governmental undertakings made as part of the development of the National Electricity Market and, more recently, the *Competition Principles Agreement*. However, the nature, degree and rate of structural change has varied across jurisdictions, in part reflecting the different operating environments in each.

In July 1991, Heads of Government agreed to create a competitive electricity market in southern and eastern Australia — the National Electricity Market. The National Grid Management Council (NGMC) was established to manage the formation of the new market and to encourage open access and free trade in bulk electricity.

In 1993, the Commonwealth, New South Wales, Victorian, Queensland, South Australian, Tasmanian and Australian Capital Territory governments agreed upon a Multiple Network Corporation (MNC) structure to be in place by 1 July 1995. The MNC model is consistent with recommendations arising from the National Competition Review (Hilmer Report) and requires each jurisdiction to separate the network businesses from the other elements and subsequently to corporatise the network business. The contestable elements (generation and retail) can then be exposed to competition, creating pressures for adjustment and continual improvement.

As at 30 June 1996, New South Wales, Victoria and Queensland had progressed farthest towards restructuring in line with the MNC model. In Victoria and New South Wales, generation, transmission and distribution have been fully separated, with multiple generation and distribution businesses operating in

2 Excludes transmission activities undertaken by PowerNet.

Table 2.1 Activities of monitored GTEs in the electricity industry, 1995–96

<i>GTE</i>	<i>Activity</i>			
	<i>Generation</i>	<i>Transmission</i>	<i>Distribution</i>	<i>System Operation</i> ^a
New South Wales				
Delta Electricity	✓			
Macquarie Generation	✓			
Pacific Power	✓			
TransGrid		✓		✓
Advance Energy			✓	
Australian Inland Energy			✓	
EnergyAustralia			✓	
Great Southern Energy			✓	
Integral Energy			✓	
NorthPower			✓	
Victoria				
PowerNet		✓		
Victorian Power Exchange				✓
Queensland				
AUSTA Electric	✓			
Qld. Transmission and Supply Corp.		✓	✓	✓
SEQEB ^b			✓	
CAPELEC ^b			✓	
South Australia				
ETSA Corporation	✓	✓	✓	✓
Western Australia				
Western Power	✓	✓	✓	✓
Tasmania				
Hydro-Electric Corporation	✓	✓	✓	✓
Northern Territory				
Power and Water Authority ^c	✓	✓	✓	✓
Australian Capital Territory				
ACTEW Corporation ^c			✓	
Commonwealth				
Snowy Mountains Hydro-electric Authority	✓	✓		

a System operation refers to the day to day operations of the system such as the dispatch of generators as well as system planning functions.

b Subsidiary of Queensland Transmission and Supply Corporation.

c Power and Water Authority and ACTEW Corporation are also responsible for water supply.

each State. In Queensland, generation operates independently from transmission and distribution which are structured as subsidiaries of a holding company.³

The Electricity Trust of South Australia was corporatised in July 1995. Four subsidiaries in each of its major businesses — generation, transmission, distribution and retail, and gas trading — were established through ‘ring-fencing’ arrangements. SA Generation Corporation was fully separated from ETSA Corporation in January 1997.

In 1995, the Tasmanian government passed legislation to reform that State’s electricity industry. The Hydro-Electric Commission (HEC) was corporatised, its regulatory functions removed and a framework for non-discriminatory access to HEC’s electricity grid established.⁴

The New South Wales distribution and generation sectors were restructured during 1995–96. In October 1995, the existing 25 distributors were amalgamated to form six new distribution businesses. Advance Energy, Australian Inland Energy, EnergyAustralia, Great Southern Energy, Integral Energy and NorthPower were subsequently corporatised on 1 March 1996. This has resulted in all distributors within that State being monitored for the first time. In the past, only the four largest of the 25 distributors were monitored.

Pacific Power was disaggregated into three competing generators when six of its power stations were detached to create two new generating entities — Delta Electricity and Macquarie Generation. The three separate generators commenced operations on 1 March 1996.

In Victoria, the five regionally based distributors were privatised between September 1995 and January 1996. This was followed by the sale of a power station, Yallourn Energy, in March. A second generator, Hazelwood Power Corporation, was sold in July 1996. Victorian based generators and distributors are no longer included in this report.

Major reforms affecting the electricity supply industry are summarised in Table 2.2.

3 Further restructuring of the Queensland electricity supply industry was announced in December 1996. Generation is to be separated into a number of competing bodies and transmission and distribution businesses will be fully separated.

4 The Hydro-Electric Commission was renamed the Hydro-Electric Corporation in November 1996.

Table 2.2 Policy initiatives affecting the electricity industry, 1991–92 to 1995–96

<i>Jurisdiction</i>	<i>Date</i>	<i>Nature of reform or policy initiative</i>
New South Wales	Aug 1991	Electricity Commission of NSW was renamed Pacific Power and internally restructured into six commercially oriented business units — three generating groups, a pool trading unit, a network business and a services unit. The 25 distribution businesses remain separate.
	July 1994	Pacific Power's network business unit established as a legally separate subsidiary, Pacific Grid.
	Feb 1995	High voltage transmission and system control activities removed to become the responsibility of the Electricity Transmission Authority — trading as TransGrid. TransGrid given authority to develop and operate the State wholesale electricity market.
	Oct 1995	The 25 distribution businesses amalgamated to form six companies.
	Dec 1995	Legislation passed providing for the establishment and regulation of a State wholesale electricity market, competitive retail electricity supply, and transmission and distribution network service provision.
	March 1996	The six new distribution companies corporatised, with retail and distribution operations 'ring-fenced'. Pacific Power restructured to create three separate generators.
	May 1996	Commencement of State wholesale electricity market.
	June 1996	Timetable for the introduction of retail competition announced.
Victoria	Dec 1992	Majority interest in Loy Yang B power station sold.
	Oct 1993	The vertically integrated State Electricity Commission is separated into three businesses — Generation Victoria, National Electricity (transmission and pool) and Electricity Services Victoria (distribution).
	July 1994	The Office of Regulator-General (ORG) is established. With regard to electricity, the key tasks of the ORG are to oversee franchise customer tariffs, service standards, pool rules and operating procedures, transmission and distribution access and pricing, and market conduct.
	Sep 1994	Government tariff policy announced: Residential customer tariffs frozen until June 1996, followed by a 2 per cent real price fall in July 1996, and a 1 per cent real price fall each year thereafter to 2000.

Table 2.2 Policy initiatives affecting the electricity industry, 1991–92 to 1995–96 (continued)

<i>Jurisdiction</i>	<i>Date</i>	<i>Nature of reform or policy initiative</i>
Victoria (continued)	Oct 1994	A framework for the electricity industry established. Eight State owned companies created: <ul style="list-style-type: none"> • Victorian Power Exchange (VPX) to administer the new wholesale electricity market and to oversee System Control; • PowerNet Victoria as a separate commercial corporation responsible for the maintenance of high voltage transmission assets; • five regionally based distribution businesses formed from the eighteen business units of the former Electricity Services Victoria and the eleven Municipal Electricity Undertakings. Each distribution business also comprises a ring fenced retail arm; and • Generation Victoria, an interim structure comprising five groups of power stations trading as independent producers.
	Jan 1995	Generation Victoria disaggregated into five corporatised, regionally based companies.
	Sep 1995	The first of the distribution businesses is sold. The remaining four distributors are sold between October 1995 and January 1996.
	March 1996	Sale of Yallourn Energy Ltd announced.
Queensland	March 1994	Gladstone Power Station sold to a consortium headed by Comalco.
	Jan 1995	The vertically integrated Queensland Electricity Commission was divided into two corporations — Queensland Generation (trading as AUSTA Electric) and Queensland Transmission and Supply Corporation (QTSC). QTSC is a holding company for eight subsidiary corporations — seven regional distribution corporations and the Queensland Electricity Transmission Corporation, trading as Powerlink Queensland. QTSC has responsibility for planning, coordinating and supplying electricity.
Western Australia	Jan 1995	Western Power Corporation formed when the State Energy Commission is split into separate electricity and gas utilities. The independent Office of Energy created and given responsibility for regulatory functions. Western Power corporatised and retained as a vertically integrated entity.
	Feb 1996	Schedule for open access to Western Power's high voltage transmission and distribution systems announced.

Table 2.2 Policy initiatives affecting the electricity industry, 1991–92 to 1995–96 (continued)

<i>Jurisdiction</i>	<i>Date</i>	<i>Nature of reform or policy initiative</i>
South Australia	July 1995	ETSA corporatised and set up as a holding company for four separate subsidiary companies providing generation, transmission, distribution and gas supply. Regulatory functions transferred to various government departments.
Tasmania	June 1995	Legislation passed to allow new entrants into the industry, non-discriminatory access to the Hydro-Electric Commission's grid, and the establishment of an independent regulator — the Government Prices Oversight Commission..
	July 1995	The Hydro-Electric Commission made a GBE under the <i>Government Business Enterprises Act 1995</i> . The Act provides for full competitive neutrality including the identification, costing, determination and funding of community service obligations.
Northern Territory	April 1995	PAWA classified as Government Business Division (GBD) under the <i>Financial Management Act</i> .
Australian Capital Territory	July 1995	ACTEW corporatised and regulatory functions transferred to relevant government agencies. ACTEW's distribution and retail activities 'ring-fenced' during 1995–96.

2.2 Market conditions and regulation

Structural change within the electricity supply industry is intended to introduce competition in the generation and retail sectors by separating these contestable elements from the natural monopoly activities, transmission and distribution. Regulation of the natural monopoly activities is required so that non-discriminatory access to transmission and distribution network services is established and maintained. Appropriate regulation ensures that the benefits of greater efficiency arising from increased competition in electricity generation and retail are realised.

As at June 1996, competitive markets for wholesale electricity had been established in New South Wales and Victoria.⁵ The Governments of New South Wales, Victoria and the Australian Capital Territory have agreed to establish an inter-State market as an interim step towards an expanded market for bulk

⁵ ACTEW Corporation purchases electricity in the New South Wales market. Queensland expects to have an interim electricity trading market in place by the end of 1997.

electricity which will also involve South Australia and the Snowy Mountains Hydro-electric Authority as an independent operator. It is proposed that Queensland, and possibly Tasmania, will also participate in the National Electricity Market.

Corporatisation

Restructuring of GTEs in line with the Multiple Network Corporation model has coincided with administrative reforms, in part arising from other inter-governmental agreements.

All electricity GTEs have been corporatised, are in the process of being corporatised (the Snowy Mountains Hydro Electric Authority), or have been commercialised (the Power and Water Authority). Corporatisation involves providing GTEs with clear commercial objectives, removing regulatory responsibilities which may conflict with these commercial objectives, and subjecting the GTEs to State and Federal corporations law. They have also been required to make dividend and tax-equivalent payments to ensure competitive neutrality.

Pricing reform

Independent regulation of retail prices is necessary whilst customers remain franchised to specific retailers, as was the case for most customers during 1995–1996. However, the proportion of customers free to choose their electricity supplier is scheduled to increase over the coming years as retail franchises expire.

As at June 1996, independent pricing and oversight authorities had been established in New South Wales (Independent Pricing and Regulatory Tribunal, IPART), Victoria (Office of Regulator-General) and Tasmania (Government Prices Oversight Commission).

In New South Wales, maximum residential, off-peak and rural electricity prices were maintained at mid-1992 levels, and other customers received price reductions. During March 1996, IPART established separate (CPI–X) revenue paths for the network and retail supply businesses of the distributors for the three years to June 1999.⁶ The extent of price reductions will vary between distributors as pre-existing price distortions continue to be unwound.

6 Revenue regulation, rather than price regulation, has been used in order to encourage demand management and energy efficient initiatives.

In Victoria, residential customer tariffs were frozen from September 1994 until June 1996, with further reductions in the real price of electricity through to the year 2000.

The Tasmanian the Government Prices Oversight Commission conducted its first review of the Hydro-Electric Corporation's pricing policies in 1996. The Commission found that retail prices charged to business customers were substantially higher than the cost of production and that maximum price regulation was required to eliminate cross-subsidies between retail customer classes. Effective 1 January 1997, real average business tariffs are to fall by a minimum of 5 per cent per annum in each year to the end of 1999, with no increase in the real average residential tariff over the same period.⁷

In August 1996, South Australian legislation established the role of a Competition Commissioner. Amongst other things, the role of the commissioner is to provide pricing oversight for proclaimed GBEs.

In September 1996, the ACT government appointed an independent prices surveillance commissioner to work with the New South Wales IPART to oversee ACTEW Corporation's electricity prices.

Queensland, Western Australia and Northern Territory electricity prices remained subject to Ministerial review.

Wholesale Electricity Markets

Competitive markets for wholesale electricity were established in Victoria and New South Wales in October 1994 and May 1996 respectively. The markets are designed around a 'pool' through which all electricity is traded. Generators submit daily bids, with dispatch allocated in order of bid prices by the central system operator — Victorian Power Exchange in Victoria, TransGrid in New South Wales. All generators used are paid the pool (or 'spot') price which is set every half hour at the bid price of the marginal generator.⁸ The proposed National Electricity Market which is due to commence in mid-1997 will operate in a similar manner.

7 Restrictions on the maximum increase possible for any customer will also apply.

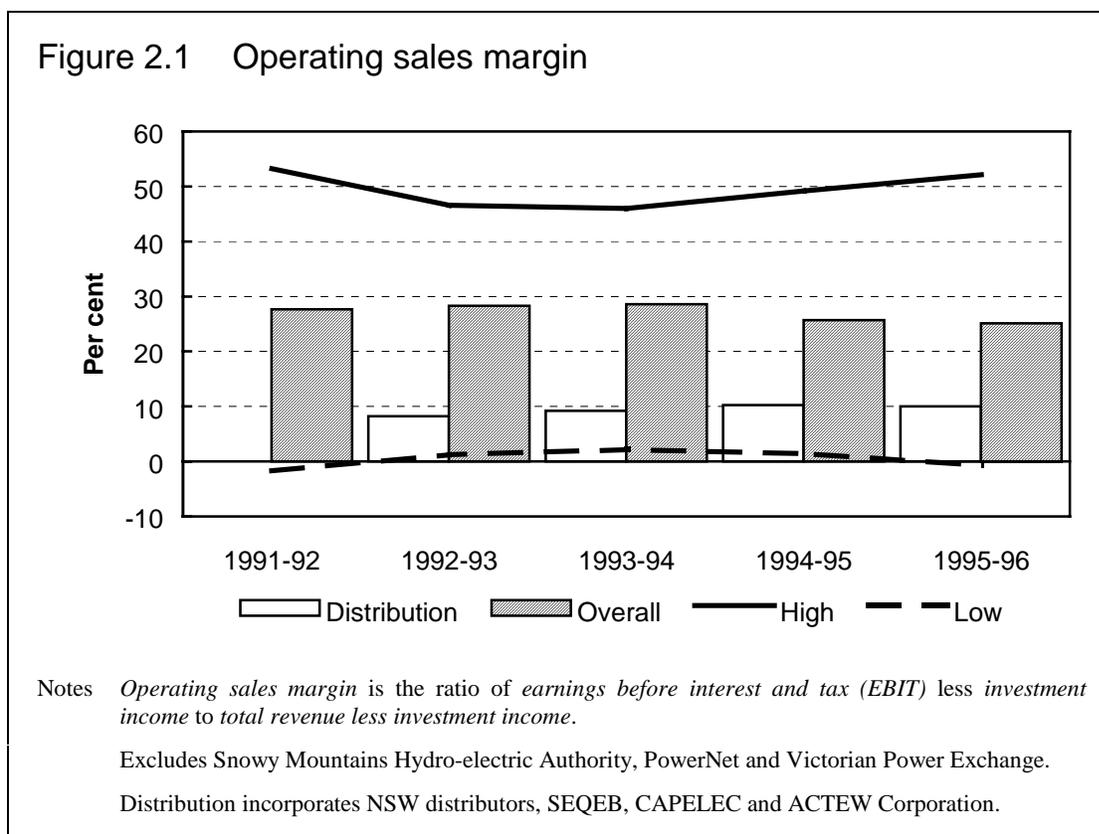
8 Up to 85 per cent of electricity traded in both markets has been covered by vesting contracts. However, vesting contracts are being phased out and a market for financial hedging tools is developing.

2.3 Financial performance

The restructuring of the electricity supply industry in New South Wales, Victoria, Queensland and Western Australia has created discontinuities in some of the data series for the industry published by the Steering Committee. Consequently, data have been aggregated and adjusted on a jurisdictional basis.⁹

Profitability

The overall *operating sales margin* for electricity GTEs was stable at 25 per cent. This followed a decrease of 3 percentage points in 1994–95 (see Figure 2.1 and Table 2A.1). The range of operating sales margins remained large — between minus 0.7 per cent and 62 per cent in 1995–96.



Distribution-only GTEs exhibit lower operating sales margins with less variation between GTEs than in other segments of the industry. Distributors

⁹ Some data have been annualised and adjustments for the impact of SECWA's gas business have been made where possible.

earn most of their operating profit from ownership of the distribution network (that is, the wires and poles), but derive a large proportion of their revenue from retailing electricity. Margins in the distribution business are high relative to retail margins.

In 1995–96, the overall operating sales margin for distribution-only GTEs was stable at 10 per cent. Lower margins for distributors in Queensland, where prices fell by about 7 per cent in real terms, were off-set by higher margins for NSW distributors. In previous years, Queensland and New South Wales distributors had recorded operating margins above and below average respectively (see Table 2A.2).

Prices

The 1995–96 average price of electricity sold by vertically integrated and distribution-only GTEs ranged from \$57 to \$146 per MWh (see Table 2A.5). However, the average price of electricity varies between GTEs for many reasons, including differences in generation technology, input costs, geographic and climatic conditions, customer density and profile, and price regulation. For example, distributors with a relatively high proportion of industrial customers will tend to record a lower average price than distributors with a relatively high proportion of residential customers. For a more detailed discussion of the factors influencing the price of electricity see BIE (1996).

The real price indexes reported are based on the average price of electricity sold by GTEs to residential, business and all customers. The business real price index incorporates both commercial and industrial customers.¹⁰

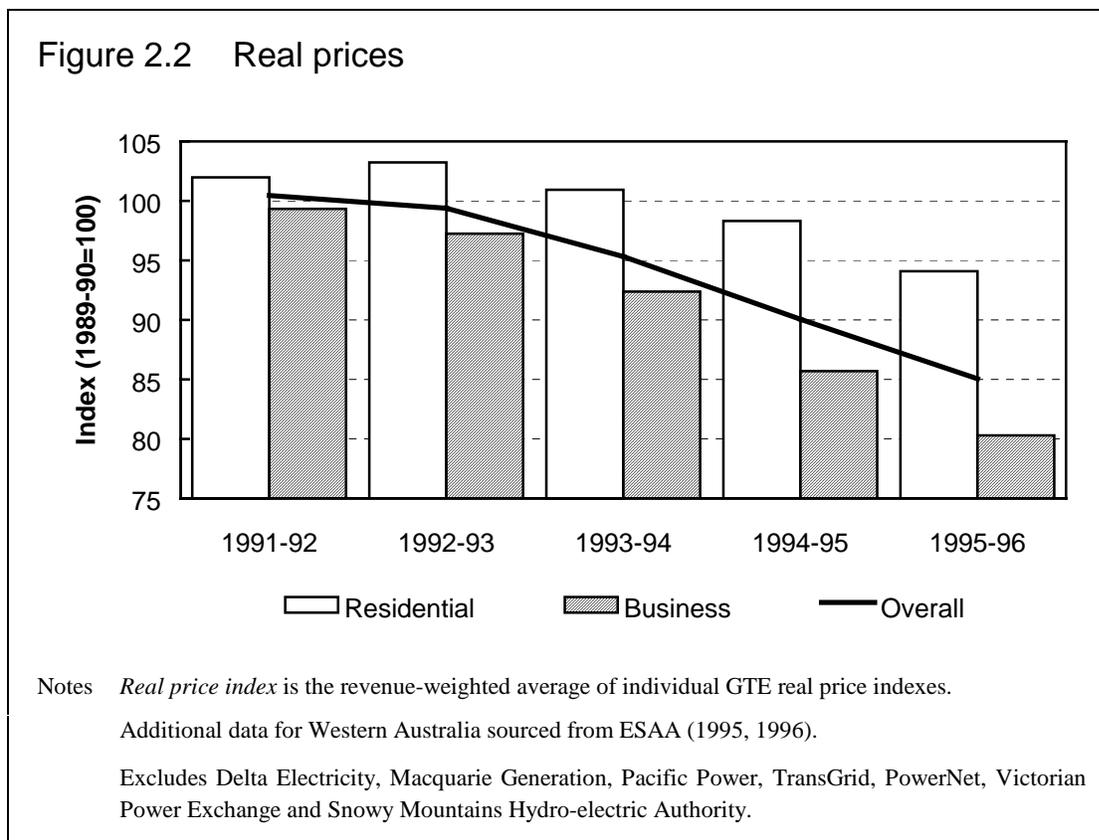
The average real price for all customers has fallen each year since 1991–92. In 1995–96 it declined by 5.4 per cent, and has fallen by over 15 per cent since 1991–92 (see Figure 2.2 and Table 2A.6). Price reductions by GTEs in New South Wales, Queensland, Western Australia and South Australia contributed most to the decrease over the five year period.

All GTEs lowered their average residential real price in 1995–96, resulting in a fall in the residential real price index of just over 4 per cent. Most GTEs lowered residential real prices by about 8 per cent during the 1991–92 to 1995–96 period.

Price changes for business customers have a proportionately larger impact on the overall real price index than do changes in residential prices — business

10 It is not possible to construct separate indexes for commercial and industrial users from the information supplied by GTEs.

sales make up about 65 per cent of the total quantity of electricity sold. On average, real industrial and commercial prices fell by 6 per cent in 1995–96, having fallen by 19 per cent since 1991–92.



Shareholders' returns

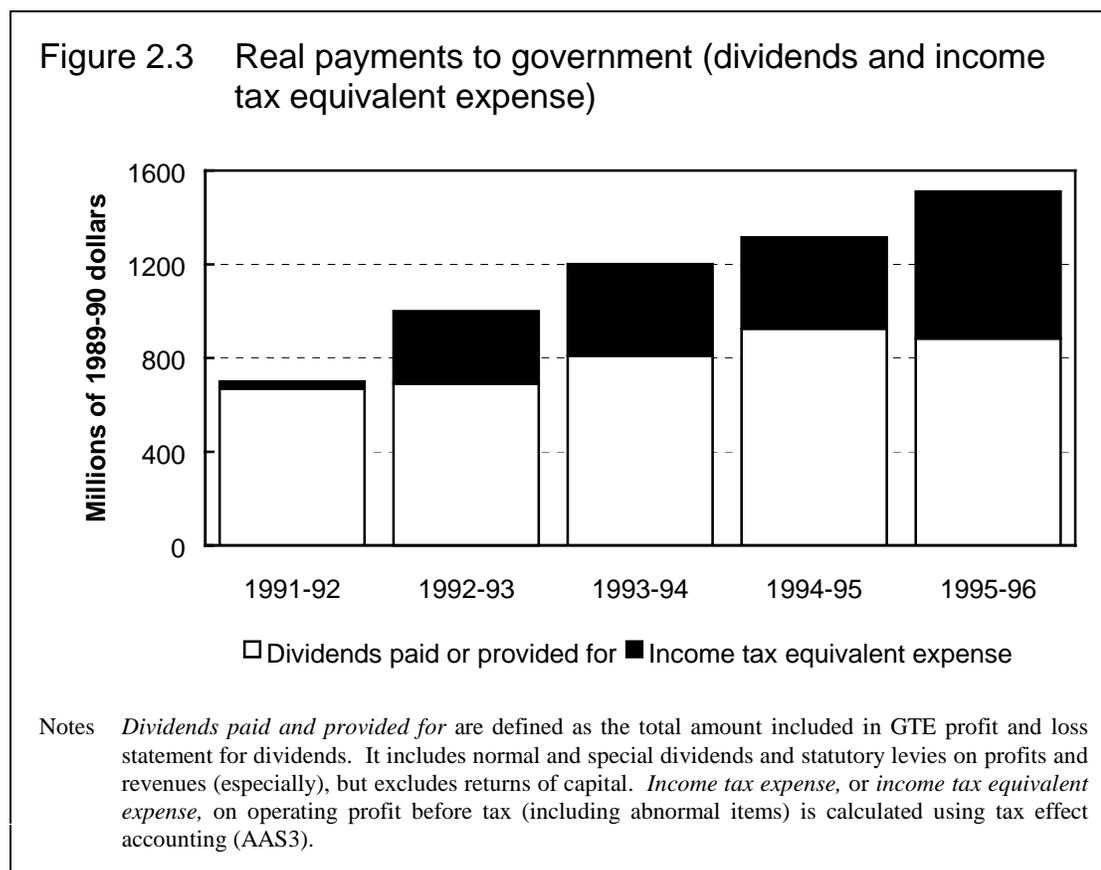
Most electricity GTEs now operate under a tax equivalent regime.¹¹ This requires them to make tax payments to their shareholder government as if they were subject to Commonwealth income tax. The tax equivalent regimes also require GTEs to pay the same State taxes as the private sector.¹²

Real payments to government rose by 15 per cent in 1995–96 and have more than doubled since 1991–92. The overall increase in 1995–96 was due to higher

11 Exceptions are Victorian Power Exchange and Snowy Mountain Hydro-electric Authority which operate on a cost recovery basis.

12 In addition to income tax equivalents, State and Territory GTEs are required to pay sales tax equivalents. However, for the purpose of this report, total payments to government includes only dividends and income tax equivalent expensed, but not sales tax equivalents or other payments to governments.

income tax equivalent expense which jumped by 61 per cent in real terms. This increase is partly attributable to ETSA Corporation and ACTEW Corporation expensing tax equivalents for the first time. Increased payments by AUSTA Electric, TransGrid, PowerNet and the Hydro-Electric Corporation contributed most to the overall rise (see Figure 2.3, Table 2A.7 and Table 2A.8).



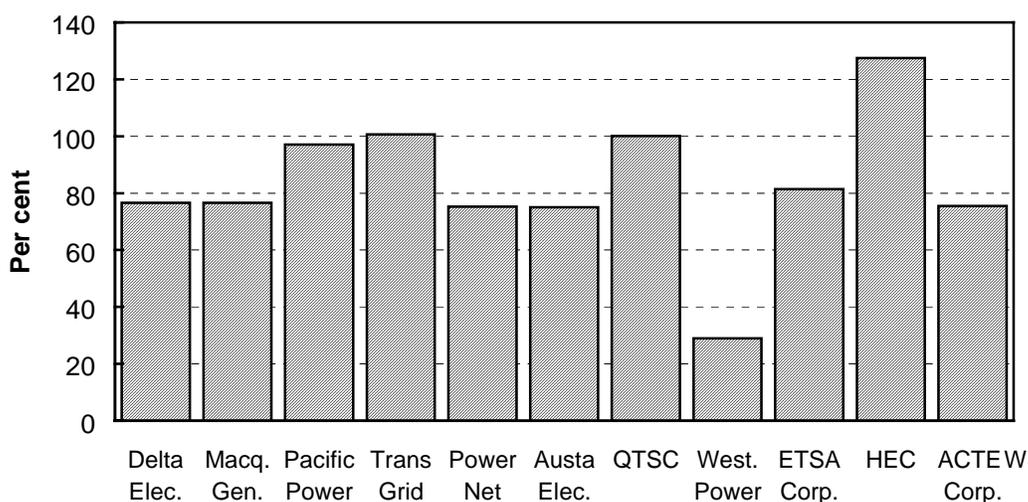
Most GTEs recorded a dividend payout ratio of between 75 and 100 per cent for 1995–96 (see Figure 2.4). Western Power’s dividend payment of \$25 million represented only 29 per cent of its operating profit after tax and abnormals. However, this lower than average dividend payout ratio is due to Western Power’s debt reduction program. Western Power’s debt to equity ratio as at June 1996 was over 300 per cent, well above the industry average.

The methodology employed by GTEs to value assets is not consistent, either between GTEs or over time. However, most electricity GTEs have moved away from historical cost valuations and have active revaluation programs.¹³

13 An exception to this is Western Power which reports assets at historical cost.

The assets of Pacific Power were revalued downwards by just under \$1.9 billion prior to it being restructured into three separate businesses on 1 March 1996. Nearly all of this write-down was on property, plant and equipment at its operating power stations — a decrease of over 30 per cent in the value of these assets. Pacific Power identifies uncertainty created by the introduction of the New South Wales electricity market and the impending national electricity market as a major reason for the write-down.

Figure 2.4 Dividend payout ratio, 1995–96



Notes *Dividend payout ratio is the ratio of dividends paid or provided for to operating profit after tax and abnormals.*

NSW distributors are not represented because of the impact of restructuring costs on their *operating profit after tax and abnormals*.

Victorian Power Exchange and Snowy Mountains Hydro-electric Authority were not required to make dividend payments in 1995–96.

Although Power and Water Authority made a dividend payment in 1995–96, its dividend payout ratio is not relevant because it recorded an operating loss after tax and abnormals.

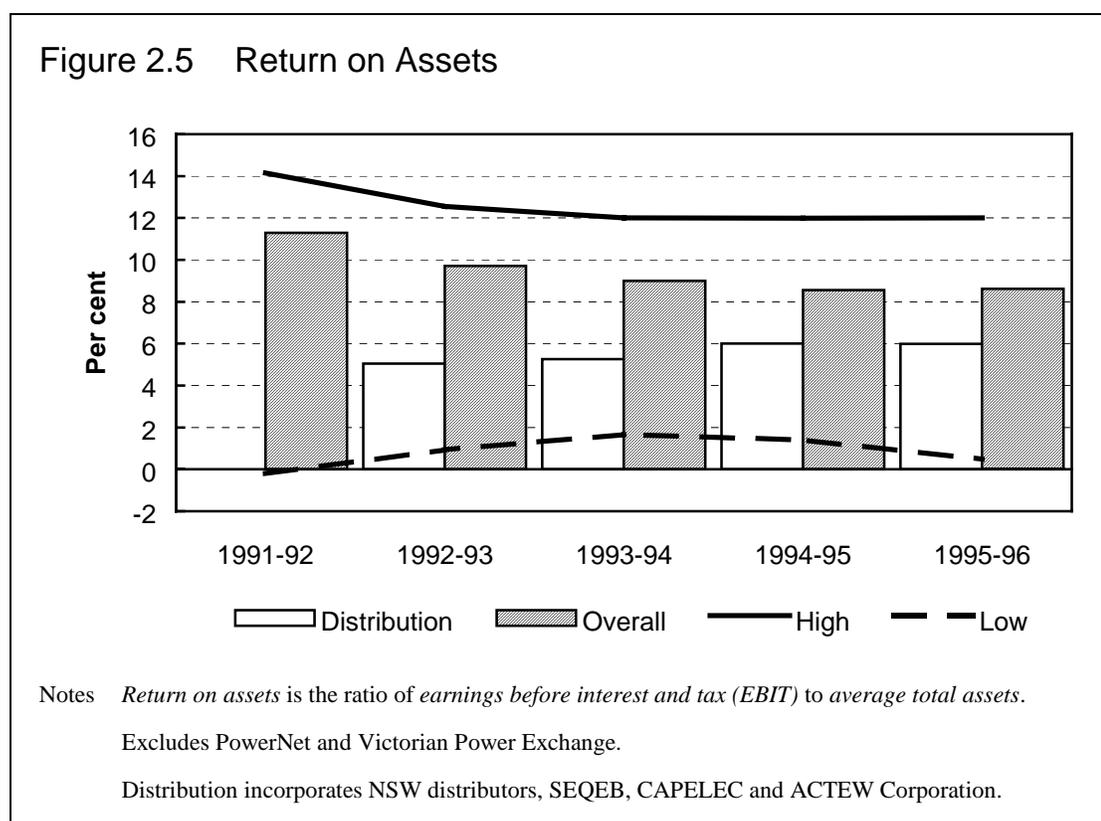
ETSA Corporation revalued its assets on 1 July 1995 as a result of a change in accounting policy. This resulted in an increase of \$1.2 billion in the written down value of its property, plant and equipment.¹⁴

¹⁴ This is a net increase. The value of the Leigh Creek Coalfield and the power stations under ETSA's control were written down by \$0.7 billion (a decrease of 64 per cent) whereas its transmission and distribution systems were revalued by \$1.9 billion (an increase of 209 per cent).

The Hydro-Electric Corporation revalued its assets at June 1996, resulting in an increase of just over \$500 million in the value of its fixed assets.

These asset revaluations were of sufficient magnitude to significantly effect the *return on assets* recorded for each of the GTEs concerned. However, the net impact on the overall return on industry assets of all asset revaluations was quite small.

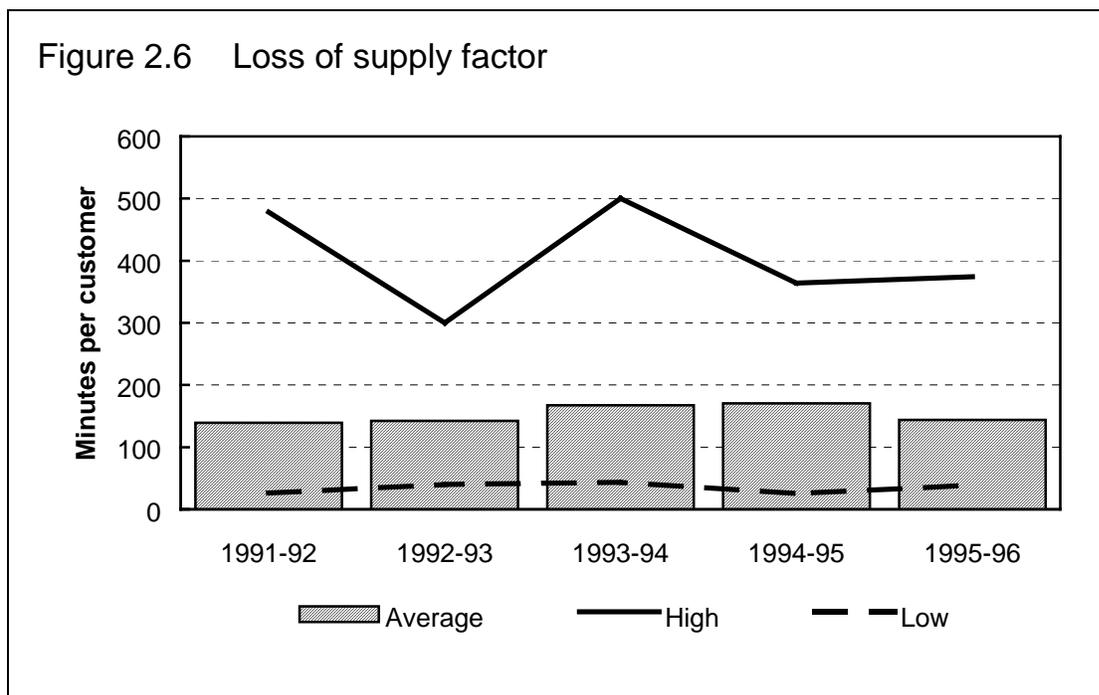
Return on assets for the industry as a whole was unchanged at 8.6 per cent, having declined in the previous four years from 11.3 per cent in 1991–92 (see Figure 2.5 and Table 2A.3). Return on assets utilised by distribution-only GTEs was also unchanged.



2.4 Service quality

A key measure of quality in the electricity supply industry is the reliability of supply. This is particularly so for industrial and commercial customers for whom supply interruptions can result in additional costs, loss of production or even suspension of trading.

The *loss of supply factor* is the total length of time that the average customer is without power over the course of the year. This measure will fluctuate widely between years for a particular distributor because most outages are the result of environmental interference with overhead distribution lines. This is reflected in the highest reported loss of supply factor which was recorded by four different distributors during the 1991–92 to 1995–96 period (see Figure 2.6).



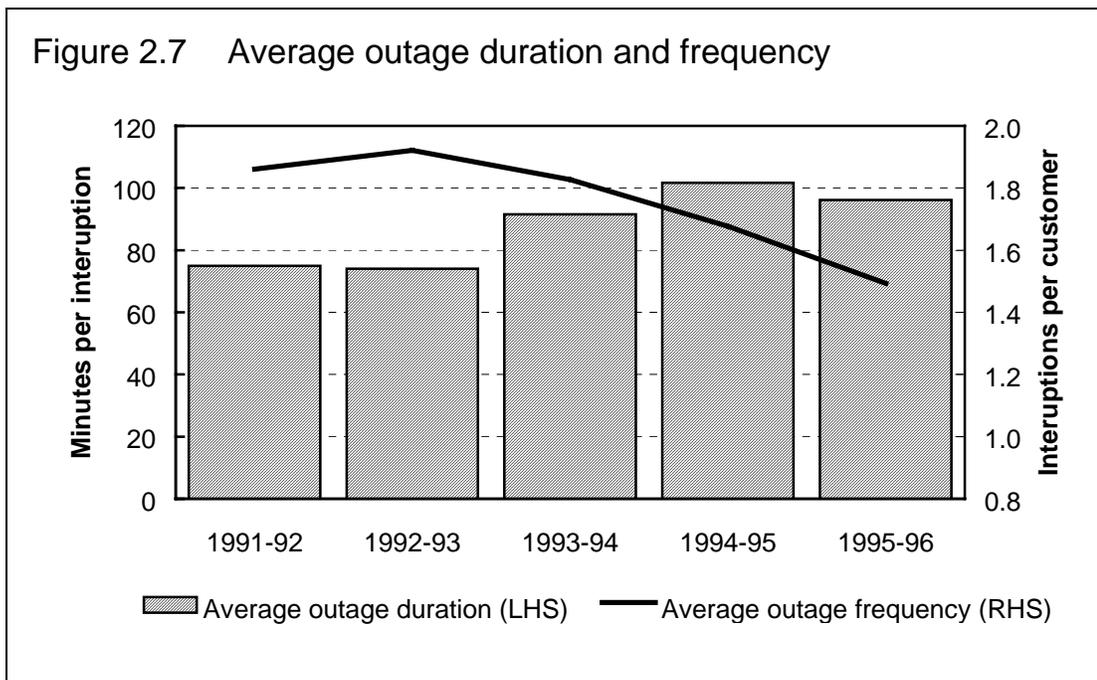
The average loss of supply factor is also influenced from year-to-year by major events such as bushfires and storms, but because it is a weighted average for all GTEs, this effect is much smaller. On average, customers were without power for 144 minutes during 1995–96, a decline of almost 30 minutes compared to 1994–95. However, the average loss of supply remained marginally higher than during 1991–92.

The loss of supply factor (minutes per customer) can be broken-down into the average outage duration (minutes per interruption) and the average outage frequency (interruption per customer). For many consumers, the frequency of interruptions in supply is a more relevant indicator of service reliability than the total minutes without power for the year. For others, the average duration of each outage is more important.

The *average outage frequency* provides an indication of the number of times a customer loses supply each year. The average customer experienced fewer

outages during 1995–96 than during the previous four years, based on a weighted average for all GTEs (see Figure 2.7).

The *average outage duration* is the average time that a customer is without power per interruption. This is partly determined by the severity of environmental interferences and the topography and customer density profile of the region affected. However, it also reflects the efficiency with which distributors restore supply. The weighted average duration of outages for all GTEs improved marginally in 1995–96 (see Figure 2.7).



Appendix 2A Data

Table 2A.1 Operating sales margin, all electricity GTEs (per cent)

<i>GTE</i>	<i>1991–92</i>	<i>1992–93</i>	<i>1993–94</i>	<i>1994–95</i>	<i>1995–96</i>
NSW Generation and Transmission ^a	35.5	37.9	41.1	29.6	32.4
Delta Electricity	n.r.	n.r.	n.r.	n.r.	22.1
Macquarie Generation	n.r.	n.r.	n.r.	n.r.	28.9
Pacific Power	35.5	37.9	41.1	27.7	30.8
TransGrid	n.r.	n.r.	n.r.	44.2	49.6
NSW Distribution ^b	5.4	5.3	6.8	8.5	9.9
Advance Energy ^c	n.r.	n.r.	n.r.	n.r.	6.3
Australian Inland Energy ^c	n.r.	n.r.	n.r.	n.r.	-0.7
EnergyAustralia ^c	n.r.	n.r.	n.r.	n.r.	10.9
Great Southern Energy ^c	n.r.	n.r.	n.r.	n.r.	5.3
Integral ^c	n.r.	n.r.	n.r.	n.r.	10.4
NorthPower ^c	n.r.	n.r.	n.r.	n.r.	8.6
PowerNet	n.r.	n.r.	n.r.	42.6	62.3
Victorian Power Exchange	n.r.	n.r.	n.r.	16.2	-6.2
Queensland ^d	46.1	43.7	44.9	36.7	35.9
AUSTA Electric	n.r.	n.r.	n.r.	36.8	37.0
Q'ld Transmission and Supply Corp.	n.r.	n.r.	n.r.	18.8	16.3
Western Power ^e	32.7	32.5	30.7	29.2	26.9
ETSA Corporation	23.0	30.2	16.9	31.8	27.8
Hydro Electric Corporation	53.2	46.6	46.0	49.2	52.1
ACTEW Corporation	11.5	11.9	10.1	13.5	13.9
Power and Water Authority	9.5	9.0	14.4	5.5	1.0
Snowy Mountains Hydro-electric Authority	-8.2	-8.1	-6.2	-6.7	-0.7
All ^f	27.7	28.3	28.6	25.7	25.1

Notes *Operating sales margin* is the ratio of *earnings before interest and tax (EBIT)* less *investment income* to *total revenue less investment income*.

- a Pacific Power was responsible for generation and transmission within New South Wales prior to 1994–95. Result for 1994–95 derived from aggregate data for Pacific Power and TransGrid. Result for 1995–96 derived from aggregate data for Pacific Power, Delta Electricity, Macquarie Generation and TransGrid.
- b Results for 1991–92 to 1994–95 derived from aggregate data for Illawarra Electricity, Orion Energy, Prospect Electricity and Sydney Electricity. 1995–96 result incorporates Advance Energy, Australian Inland Energy, EnergyAustralia, Great Southern Energy, Integral Energy and NorthPower, and excludes abnormal expenses arising from the restructuring and corporatisation of New South Wales distributors.
- c Excludes abnormal expenses arising from restructuring and corporatisation.
- d Results for 1991–92 to 1993–94 are for Queensland Electricity Commission and the seven Queensland distribution boards. Results for 1994–95 and 1995–96 derived from aggregate data for AUSTA Electric and QTSC. 1994–95 result is for second half of financial year only.
- e Results for 1991–92 to 1993–94 are for SECWA. 1994–95 result is for second half of financial year only.
- f Excludes Snowy Mountains Hydro-electric Authority and Victorian Power Exchange which operate on a cost recover basis only. Also excludes PowerNet due to incomplete data series.
- n.r. not relevant

Table 2A.2 Operating sales margin, distribution-only GTEs (per cent)

<i>GTE</i>	<i>1992–93</i>	<i>1993–94</i>	<i>1994–95</i>	<i>1995–96</i>
NSW Distribution ^a	5.3	6.8	8.5	9.9
Illawarra Electricity	1.3	2.5	3.5	n.r.
Orion Energy	1.3	2.1	1.4	n.r.
Prospect Electricity	1.2	7.3	9.1	n.r.
Sydney Electricity	8.9	8.2	10.4	n.r.
Advance Energy ^b	n.r.	n.r.	n.r.	6.3
Australian Inland Energy ^b	n.r.	n.r.	n.r.	-0.7
EnergyAustralia ^b	n.r.	n.r.	n.r.	10.9
Great Southern Energy ^b	n.r.	n.r.	n.r.	5.3
Integral ^b	n.r.	n.r.	n.r.	10.4
NorthPower ^b	n.r.	n.r.	n.r.	8.6
SEQEB	13.8	14.1	13.4	9.8
CAPELEC	17.4	16.3	14.0	10.1
ACTEW Corporation	11.9	10.1	13.5	13.9
All distribution	8.2	9.2	10.3	10.0

Notes *Operating sales margin* is the ratio of *earnings before interest and tax (EBIT)* less *investment income* to *total revenue less investment incomes*.

a Results for 1991–92 to 1994–95 derived from aggregate data for Illawarra Electricity, Orion Energy, Prospect Electricity and Sydney Electricity. 1995–96 result incorporates Advance Energy, Australian Inland Energy, EnergyAustralia, Great Southern Energy, Integral Energy and NorthPower, and excludes abnormal expenses arising from the restructuring and corporatisation of New South Wales distributors.

b Excludes abnormal expenses arising from restructuring and corporatisation.

n.r. not relevant

Table 2A.3 Return on assets, all electricity GTEs (per cent)

GTE	1991–92	1992–93	1993–94	1994–95	1995–96
NSW Generation and Transmission ^a	14.2	12.5	11.8	9.7	11.3
Delta Electricity ^b	n.r.	n.r.	n.r.	n.r.	10.0
Macquarie Generation ^b	n.r.	n.r.	n.r.	n.r.	10.9
Pacific Power ^c	14.2	12.5	11.8	10.8	12.0
TransGrid ^d	n.r.	n.r.	n.r.	8.7	9.5
NSW Distribution ^e	5.3	3.5	3.9	4.9	5.9
Advance Energy ^f	n.r.	n.r.	n.r.	n.r.	4.6
Australian Inland Energy ^f	n.r.	n.r.	n.r.	n.r.	0.5
EnergyAustralia ^f	n.r.	n.r.	n.r.	n.r.	6.3
Great Southern Energy ^f	n.r.	n.r.	n.r.	n.r.	4.8
Integral ^f	n.r.	n.r.	n.r.	n.r.	5.8
NorthPower ^f	n.r.	n.r.	n.r.	n.r.	5.8
PowerNet	n.r.	n.r.	n.r.	9.0	11.5
Victorian Power Exchange	n.r.	n.r.	n.r.	15.4	-4.0
Queensland ^g	12.5	10.0	9.9	9.0	8.8
AUSTA Electric ^d	n.r.	n.r.	n.r.	9.9	10.8
Q'ld Transmission and Supply Corp. ^d	n.r.	n.r.	n.r.	8.4	7.3
Western Power ^h	12.5	12.5	12.0	12.0	10.8
ETSA Corporation	7.8	10.5	6.1	12.0	8.4
Hydro Electric Corporation	10.3	7.2	5.5	5.9	6.3
ACTEW Corporation	7.7	7.7	6.1	8.0	7.3
Power and Water Authority	4.5	4.2	6.6	2.4	0.8
Snowy Mountains Hydro-electric Authority	0.0	0.0	-0.1	0.0	0.3
Allⁱ	11.3	9.7	9.0	8.6	8.6

Notes *Return on assets* is the ratio of *earnings before interest and tax (EBIT)* to *average total assets*.

- a Pacific Power was responsible for generation and transmission within New South Wales prior to 1994–95. Result for 1994–95 derived from aggregate data for Pacific Power and TransGrid. Result for 1995–96 derived from aggregate data for Pacific Power, Delta Electricity, Macquarie Generation and TransGrid.
- b 1995–96 figure is the annualised result for the last four months of the financial year.
- c Results have been adjusted to account for the transfer of assets to TransGrid (in 1994–95) and to Delta Electricity and Macquarie Generation (in 1995–96).
- d 1994–95 figure is an annualised result.
- e Results for 1991–92 to 1994–95 derived from aggregate data for Illawarra Electricity, Orion Energy, Prospect Electricity and Sydney Electricity. 1995–96 result incorporates Advance Energy, Australian Inland Energy, EnergyAustralia, Great Southern Energy, Integral Energy and NorthPower, and excludes abnormal expenses arising from the restructuring and corporatisation of New South Wales distributors.
- f Excludes abnormal expenses arising from restructuring and corporatisation.
- g Results for 1991–92 to 1993–94 are for Queensland Electricity Commission and the seven Queensland distribution boards. Results for 1994–95 and 1995–96 derived from aggregate data for AUSTA Electric and Queensland Transmission and Supply Corporation. 1994–95 figure is an annualised result.
- h Results for 1991–92 to 1993–94 are for SECWA. 1994–95 figure is an annualised result.
- i Excludes Snowy Mountains Hydro-electric Authority and Victorian Power Exchange which operate on a cost recover basis only. Also excludes PowerNet due to incomplete data series.

Table 2A.4 Return on assets, distribution-only GTEs (per cent)

<i>GTE</i>	<i>1992–93</i>	<i>1993–94</i>	<i>1994–95</i>	<i>1995–96</i>
NSW Distribution ^a	3.5	3.9	4.9	5.9
Illawarra Electricity	0.9	1.7	2.3	n.r.
Orion Energy	1.5	1.8	1.4	n.r.
Prospect Electricity	1.1	4.0	5.5	n.r.
Sydney Electricity	5.7	4.6	5.7	n.r.
Advance Energy ^b	n.r.	n.r.	n.r.	4.6
Australian Inland Energy ^b	n.r.	n.r.	n.r.	0.5
EnergyAustralia ^b	n.r.	n.r.	n.r.	6.3
Great Southern Energy ^b	n.r.	n.r.	n.r.	4.8
Integral ^b	n.r.	n.r.	n.r.	5.8
NorthPower ^b	n.r.	n.r.	n.r.	5.8
SEQEB	7.8	8.0	8.1	5.9
CAPELEC	9.3	8.6	8.1	6.1
ACTEW Corporation	7.7	6.1	8.0	7.3
All distribution	5.1	5.3	6.0	6.0

Notes *Return on assets* is the ratio of *earnings before interest and tax (EBIT)* to *average total assets*.

a Results for 1991–92 to 1994–95 derived from aggregate data for Illawarra Electricity, Orion Energy, Prospect Electricity and Sydney Electricity. 1995–96 result incorporates Advance Energy, Australian Inland Energy, EnergyAustralia, Great Southern Energy, Integral Energy and NorthPower, and excludes abnormal expenses arising from the restructuring and corporatisation of New South Wales distributors.

b Excludes abnormal expenses arising from restructuring and corporatisation.

n.r. not relevant

Table A2.5 Average price (nominal dollars per MWh)

<i>GTE</i>	<i>1991–92</i>	<i>1992–93</i>	<i>1993–94</i>	<i>1994–95</i>	<i>1995–96</i>
Illawarra Electricity	98.3	98.5	96.3	91.2	n.r.
Orion Energy	96.9	96.6	93.2	85.7	n.r.
Prospect Electricity	99.0	99.5	95.9	90.0	n.r.
Sydney Electricity	104.5	104.5	100.5	96.0	n.r.
Advance Energy	n.r.	n.r.	n.r.	n.r.	93.3
Australian Inland Energy	n.r.	n.r.	n.r.	n.r.	82.2
EnergyAustralia	n.r.	n.r.	n.r.	n.r.	92.2
Great Southern Energy	n.r.	n.r.	n.r.	n.r.	88.2
Integral	n.r.	n.r.	n.r.	n.r.	89.1
NorthPower	n.r.	n.r.	n.r.	n.r.	108.1
SEQEB	96.4	97.2	97.5	97.3	94.1
CAPELEC	81.0	81.1	81.1	79.9	76.7
Western Power ^a	127.0	125.0	119.0	117.0	116.7
ETSA Corporation	103.9	104.0	100.9	95.4	95.1
Hydro Electric Corporation	50.1	51.6	52.6	55.8	56.9
ACTEW Corporation	94.3	98.0	99.5	97.1	99.0
Power and Water Authority	145.9	149.5	150.8	149.3	146.3

Notes The *average price* is calculated by dividing *total revenue from sales of electricity* by *total quantity sold*. Average price varies between GTEs for many reasons, including differences in generation technology, input costs, geographic and climatic conditions, customer density and profile, and price regulation.

a Data for 1991–92 to 1993–94 relates to SECWA and was sourced from ESAA (1996).

n.r. not relevant

Table A2.6 Real price index, overall (1989–90=100)

<i>GTE</i>	<i>1991–92</i>	<i>1992–93</i>	<i>1993–94</i>	<i>1994–95</i>	<i>1995–96</i>
NSW Distribution ^a	101.1	99.8	95.1	88.0	82.2
SEQEB	96.2	95.8	94.2	90.7	84.5
CAPELEC	93.7	92.5	90.7	86.4	79.9
Western Power ^b	103.4	101.5	94.5	89.8	86.2
ETSA Corporation	98.6	96.6	91.9	84.4	80.4
Hydro Electric Corporation	106.0	106.7	106.0	109.3	107.3
ACTEW Corporation	99.7	102.0	101.8	96.2	93.8
Power and Water Authority	99.7	100.7	99.8	96.0	90.3
Overall	100.5	99.4	95.3	90.0	85.1

Note The *overall real price index* is the revenue weighted average of each GTE's real price index.

a Results for 1991–92 to 1994–95 derived from data for Illawarra Electricity, Orion Energy, Prospect Electricity and Sydney Electricity. 1995–96 result incorporates Advance Energy, Australian Inland Energy, EnergyAustralia, Great Southern Energy, Integral Energy and NorthPower.

b Results for 1991–92 to 1993–94 derived from average price data for SECWA.

Table 2A.7 Real dividends paid or provided for
(‘000s of 1989–90 dollars)

<i>GTE</i>	1991–92	1992–93	1993–94	1994–95	1995–96
NSW Generation and Transmission ^a	446 111	277 589	312 055	379 302	349 280
Delta Electricity	n.r.	n.r.	n.r.	n.r.	12 111
Macquarie Generation	n.r.	n.r.	n.r.	n.r.	20 868
Pacific Power	446 111	277 589	312 055	364 823	265 944
TransGrid	n.r.	n.r.	n.r.	14 479	50 357
NSW Distribution ^b	49 180	91 769	165 471	45 530	60 251
Advance Energy	n.r.	n.r.	n.r.	n.r.	1 433
Australian Inland Energy	n.r.	n.r.	n.r.	n.r.	0
EnergyAustralia	n.r.	n.r.	n.r.	n.r.	27 475
Great Southern Energy	n.r.	n.r.	n.r.	n.r.	2 844
Integral	n.r.	n.r.	n.r.	n.r.	23 157
NorthPower	n.r.	n.r.	n.r.	n.r.	5 342
PowerNet	n.r.	n.r.	n.r.	29 902	48 818
Victorian Power Exchange	n.r.	n.r.	n.r.	0	0
Queensland ^c	14 019	115 207	122 061	186 566	280 547
AUSTA Electric	n.r.	n.r.	n.r.	62 329	144 779
Q’ld Transmission and Supply Corp.	n.r.	n.r.	n.r.	65 388	135 768
Western Power ^d	42 031	42 281	52 943	52 042	21 422
ETSA Corporation	95 717	138 180	137 798	185 765	83 333
Hydro Electric Corporation	5 602	5 714	9 490	9 549	24 230
ACTEW Corporation	15 492	19 532	10 169	32 613	12 955
Power and Water Authority	0	0	0	4 359	2 092
Snowy Mountains Hydro-electric Authority	0	0	0	0	0
All	668 151	690 273	809 986	925 628	882 929

a Pacific Power was responsible for generation and transmission within New South Wales prior to 1994–95. Result for 1994–95 is the aggregate real dividends paid or provided for by Pacific Power and TransGrid. Result for 1995–96 is the aggregate real dividends paid or provided for by Pacific Power, Delta Electricity, Macquarie Generation and TransGrid.

b Results for 1991–92 to 1994–95 derived from aggregate data for Illawarra Electricity, Orion Energy, Prospect Electricity and Sydney Electricity. 1995–96 result incorporates Advance Energy, Australian Inland Energy, EnergyAustralia, Great Southern Energy, Integral Energy and NorthPower.

c Results for 1991–92 to 1993–94 are for Queensland Electricity Commission and the seven Queensland distribution Boards. Result for 1994–95 is the aggregate real dividends paid or provided for by Queensland Electricity Commission and the seven Queensland distribution boards (first half of financial year) and AUSTA Electric and Queensland Transmission and Supply Corporation (second half of financial year). Result for 1995–96 is for AUSTA Electric and Queensland Transmission and Supply Corporation.

d Results for 1991–92 to 1993–94 are for SECWA. Result for 1994–95 is for SECWA (first half of financial year) and Western Power (second half of financial year). Payments by SECWA have been adjusted downwards on account of its gas operations.

n.r. not relevant

Table 2A.8 Real income tax equivalent expense ('000s of 1989–90 dollars)

<i>GTE</i>	<i>1991–92</i>	<i>1992–93</i>	<i>1993–94</i>	<i>1994–95</i>	<i>1995–96</i>
NSW Generation and Transmission ^a	0	262 162	238 104	174 763	220 494
Delta Electricity	n.r.	n.r.	n.r.	n.r.	8 898
Macquarie Generation	n.r.	n.r.	n.r.	n.r.	15 331
Pacific Power	0	262 162	238 104	167 580	165 640
TransGrid	n.r.	n.r.	n.r.	7 183	30 624
NSW Distribution ^b	16 963	28 134	43 625	50 389	40 788
Advance Energy	n.r.	n.r.	n.r.	n.r.	1 517
Australian Inland Energy	n.r.	n.r.	n.r.	n.r.	0
EnergyAustralia	n.r.	n.r.	n.r.	n.r.	697
Great Southern Energy	n.r.	n.r.	n.r.	n.r.	2 548
Integral	n.r.	n.r.	n.r.	n.r.	30 935
NorthPower	n.r.	n.r.	n.r.	n.r.	5 091
PowerNet	n.r.	n.r.	n.r.	4 134	43 774
Victorian Power Exchange	n.r.	n.r.	n.r.	0	0
Queensland ^c	0	0	90 416	107 717	187 629
AUSTA Electric	n.r.	n.r.	n.r.	30 600	110 925
Q'ld Transmission and Supply Corp.	n.r.	n.r.	n.r.	33 525	76 704
Western Power ^d	0	0	0	22 191	44 658
ETSA Corporation	0	0	0	0	45 650
Hydro Electric Corporation	14 573	19 656	19 008	29 303	35 148
ACTEW Corporation	0	0	0	0	9 649
Power and Water Authority	0	0	0	0	0
Snowy Mountains Hydro-electric Authority	0	0	0	0	0
All	31 537	309 951	391 154	388 496	627 790

a Pacific Power was responsible for generation and transmission within New South Wales prior to 1994–95. Result for 1994–95 is the aggregate real income tax equivalent expense for Pacific Power and TransGrid. Result for 1995–96 is the aggregate real income tax equivalent expense for Pacific Power, Delta Electricity, Macquarie Generation and TransGrid.

b Results for 1991–92 to 1994–95 derived from aggregate data for Illawarra Electricity, Orion Energy, Prospect Electricity and Sydney Electricity. 1995–96 result incorporates Advance Energy, Australian Inland Energy, EnergyAustralia, Great Southern Energy, Integral Energy and NorthPower.

c Results for 1991–92 to 1993–94 are for Queensland Electricity Commission and the seven Queensland distribution Boards. Result for 1994–95 is the real income tax equivalent expense for Queensland Electricity Commission and the seven Queensland distribution boards (first half of financial year) and AUSTA Electric and Queensland Transmission and Supply Corporation (second half of financial year). Result for 1995–96 is for AUSTA Electric and Queensland Transmission and Supply Corporation.

d Results for 1991–92 to 1993–94 are for SECWA. Result for 1994–95 is for SECWA (first half of financial year) and Western Power (second half of financial year).

n.r. not relevant

3 GAS

Key results 1995–96

- **Real prices for gas supplied to residential customers declined.**
In the year to June 1996 real prices to residential customers declined in Western Australia (4 per cent) and Victoria (3.3 per cent).
- **Reported return on assets by GTC and GASCOR declined.**
The decline in return on assets was mainly a result of a revaluation of assets. Shareholders returns in the public sector are comparable with returns in the private sector.

3.1 Industry structure

In 1995–96, only GASCOR, GTC and AlintaGas, serving the States of Victoria and Western Australia, were monitored by the Steering Committee. All other gas transmission, distribution and marketing activity is undertaken by private utilities.

The activities of gas utilities can be broadly classified as:

- production (exploration, extraction, and/or processing);
- transmission (transportation of gas to distribution networks via pipelines);
- distribution or reticulation (transportation of gas once it has reached the city gate); and
- marketing (selling of gas and associated appliances).

As of August 1995, there were no public sector producers. Most transmission, distribution and marketing of gas are carried out by private firms, with the exceptions being Victoria and parts of Western Australia. During 1995–96, the Queensland Government sold its State gas pipeline to PGT Queensland Pty. Ltd. Private sector involvement is likely to continue to increase as the Victorian government has announced plans to privatise GASCOR in the future.

GASCOR is the largest gas utility in Australia. Average employment in GASCOR fell by 27 per cent in 1995–96 with services being provided through

the outsourcing of the meter installation and appliance maintenance and mains and services maintenance functions.¹

Table 3.1 Activities of monitored GTEs in the gas industry, 1995–96

<i>Enterprise</i>	<i>Activity</i>		
	<i>Transmission</i>	<i>Distribution</i>	<i>Marketing</i>
Public sector authorities			
GASCOR		✓	✓
Gas Transmission Corporation	✓		
AlintaGas	✓	✓	✓
Private sector companies			
Australian Gas Light Company ^a	✓	✓	✓
Allgas ^b		✓	✓
The Gas Company (Boral Ltd) ^c		✓	✓

a Australian Gas Light Company is a publicly listed gas company serving New South Wales, the Australian Capital Territory, Queensland and the Northern Territory.

b Allgas is a publicly listed gas company distributing gas in parts of Queensland.

c The Gas Company is a private gas company wholly owned by Boral. It predominantly services South Australia.

3.2 Market conditions and regulation

The transmission and distribution of gas are generally regarded as natural monopolies, by which it is meant that one set of pipelines will offer the least cost solution to meeting a particular market's needs.² Since some elements of the gas production to marketing chain are contestable, access to pipeline transport services is the key to encouraging competition in the industry.

Access to pipelines

For some years Australian governments have been developing and introducing schemes for third party access to pipelines. For example, the sale of the Moomba Adelaide pipeline was preceded by the passage of transmission

1 Total employment at GASCOR fell by over forty per cent from 3091 at 30 June 1995 to 1815 at 30 June 1996.

2 Even as demand grows and exceeds the installed capacity of existing pipelines the owner/operator of those pipelines is in a better position than possible new entrants to offer incremental services by way of compression or looping.

pipeline access legislation in South Australia. The aim is to allow gas users to negotiate directly with gas sellers (producers, wholesalers or retailers).

COAG also noted that legislation facilitating third party access should be developed co-operatively between jurisdictions. To this end, a Gas Reform Task Force was established on 23 June 1995, to determine the actions necessary to put the COAG commitments in place.

In the meantime, third party access to pipelines has been on a State-by-State basis. Arrangements for access to GASCOR and Gas Transmission Corporation pipelines have yet to be formalised.

Further progress was made in introducing third party access in Western Australia. From 1 January 1995, access to the Dampier to Bunbury pipeline to supply South West gas markets began to be phased in to permit the orderly run down of the North West Shelf contracts entered into by the former SECWA. As from 1 January 1996, any gas customer taking more than 1000 TJ per year through a single metered connection is able to negotiate directly with gas suppliers and access the Dampier to Bunbury pipeline on standard shipper arrangements.

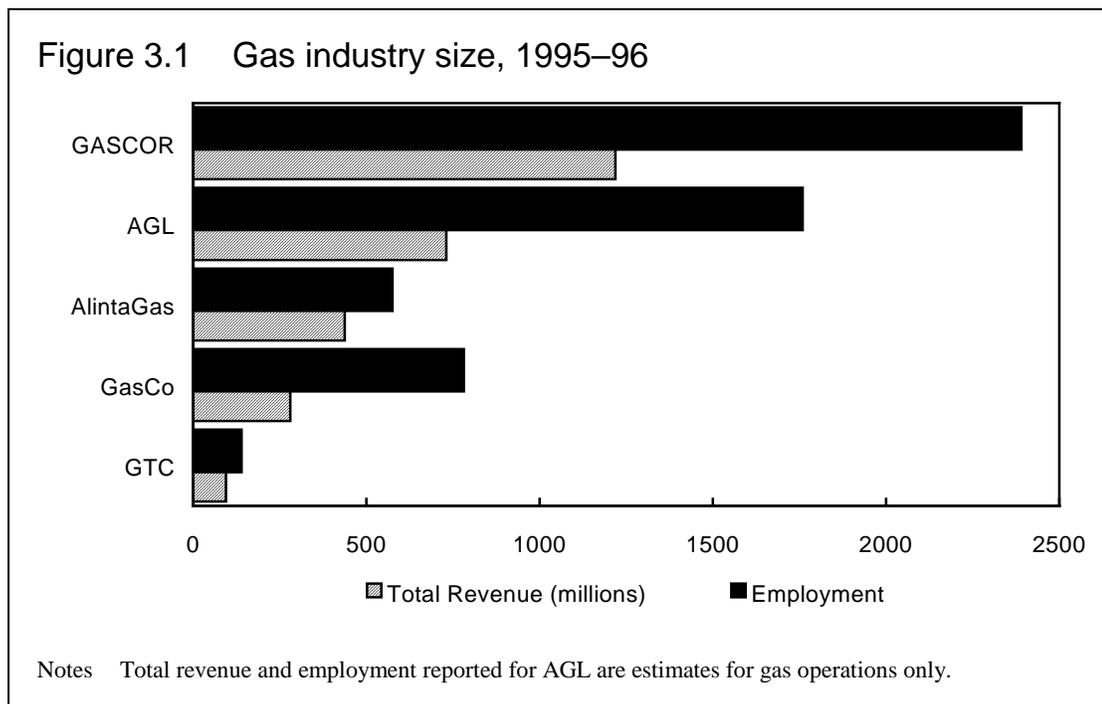


Table 3.2 Reform initiatives affecting the gas industry, 1991–92 to 1995–96

<i>Jurisdiction</i>	<i>Date</i>	<i>Nature of reform or policy initiative</i>
Victoria	May 1994	Gas and Fuel Corporation of Victoria (GFCV) contract out support services.
	Dec 1994	Gas Transmission Corporation and East Australian Pipelines Ltd undertake joint study into the connection of the New South Wales and Victorian transmission grids by a pipeline between Albury and Wagga Wagga.
		GFCV separated vertically into transmission (the Gas Transmission Corporation) and distribution businesses (GASCOR trading as the 'Gas and Fuel').
	June 1995	GFCV wound up.
	Aug 1995	GFE Resources Ltd., the exploration arm of the former GFCV is sold to Cultus Petroleum NL.
	Nov 1995	<i>Gas Industry (Extension of Supply) Act 1995</i> was passed. This enables variations to the policy of standard natural gas tariffs in some 'new areas' to enable communities to negotiate an infrastructure tariff to receive natural gas supply.
	June 1996	A 2 per cent tariff increase for domestic consumers on gas consumed after 1 July 1996.
	July 1996	A ring-fenced structure of two financially and operationally discrete businesses, based on Gas and Fuel's core activities, was introduced. These businesses are known as Network, covering gas distribution operations, and Energy Retail, marketing gas.
South Australia	Oct 1993	SA Government sells its majority holding in SAGASCO Holdings Limited to Boral. The group included a gas and oil producer/explorer (SAGASCO Resources), and LPG business (SAGASCO LPG), and the distributor retailer of gas in SA (The Gas Company).
	June 1995	Assets of the Pipeline Authority of South Australia sold to Tenneco Gas Australia together with haulage contracts. Gas purchase and sale contracts transferred to newly established Natural Gas Authority of South Australia.

Table 3.2 Reform initiatives affecting the gas industry, 1991–92 to 1995–96 (continued)

<i>Jurisdiction</i>	<i>Date</i>	<i>Nature of reform or policy initiative</i>
Western Australia	Jan 1995	Separation of the State Energy Commission into two corporatised businesses — Western Power (electricity), and AlintaGas (gas), and creation of an independent Office of Energy responsible for regulatory functions. AlintaGas retained as a vertically integrated transmission and distribution/retail entity but with ring fencing of business units. Retail market to be deregulated over time allowing progressively smaller users to deal directly with gas producers/wholesalers.
	1995–96	The WA Government announced a plan to sell up to 60 per cent of the Dampier to Bunbury natural gas pipeline. Expressions of interest were also sought to build, own and operate a gas reticulation system in Kalgoorlie/Boulder to distribute gas supplied through the Goldfields Gas Pipeline.

Regulation

Whether privately or publicly owned, the presence of natural monopoly in gas transmission and distribution means gas utilities are almost invariably regulated in one way or another. The approach taken to regulation, and the effectiveness of that regulation, can be influenced by the degree of vertical integration present in the transport to marketing chain.

A vertically integrated gas supplier controlling transmission, distribution and marketing may be able to exploit market power in the natural monopoly elements to protect the more contestable elements of the business from external competition. Accordingly, COAG has called for the separation of distribution and transmission into separate businesses to encourage the competitive marketing of gas. Some separation of marketing from distribution may also be required.

Vertical separation has been pursued in different ways in Victoria and Western Australia. AlintaGas is required to operate its transmission activities separately from its distribution and sales activities, and its distribution arm is required to negotiate with its transmission arm for capacity and access to the Dampier to Bunbury pipeline.

In Victoria, vertical separation was taken one step further with the creation of two differently managed, and legally separate, organisations — GASCOR and GTC.

The *Gas Industry Act 1994*, which created GASCOR and GTC, also established a means for the regulation of gas and transmission prices on an interim basis. Until formal third party access regimes are introduced for the transmission and distribution networks, both the GTC and GASCOR must obtain Ministerial endorsement for increases in prices. A 2 per cent increase for domestic consumers was endorsed in June 1996, to apply to gas consumed after 1 July 1996. Currently neither organisation is regulated by the Office of the Regulator General.

Grid interconnection

During 1995–96, there were no further physical interconnections of existing transmission pipelines.

In Western Australia, BHP Minerals, Normandy Poseidon and Western Mining Corporation are constructing a privately funded pipeline, running from the North West Shelf through the Western Australian interior to Kalgoorlie. As at June 1996, the pipeline had been commissioned as far as Newman.

3.3 Financial performance

The analysis relies mainly on cross-sectional comparisons, with some privately owned gas companies included where appropriate. The 1994–95 financial statistics presented for GASCOR and GTC were prepared as if the two entities had traded for the full 1994–95 period, even though the disaggregation of the former GFCV occurred on 20 December 1994. The 1994–95 statistics for AlintaGas only relate to the six months January to June 1995. The 1995–96 statistics are the first available for a full years trading by each entity.

Profitability

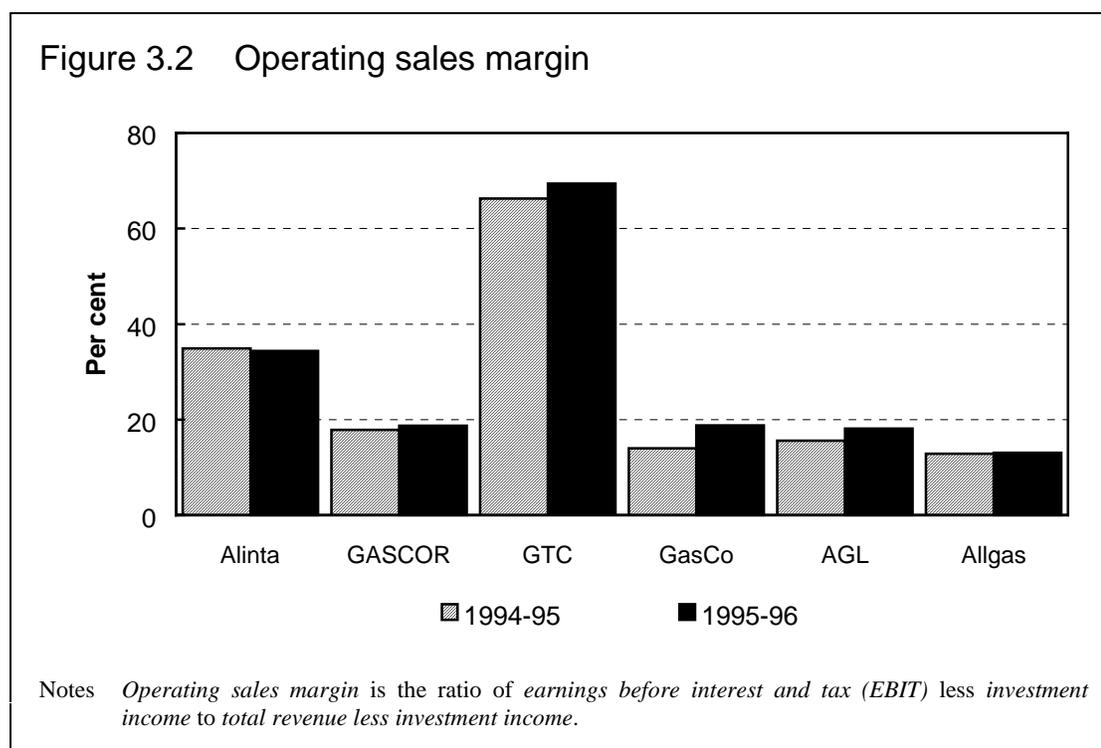
The *operating sales margin* is an indicator of the profitability of a GTE. The spread of operating sales margins is quite large (see Figure 3.2). However, the apparent disparity is partially due to the differences in the activities of each business. The total revenues of the distribution businesses are dominated by the sales and purchases of gas — an activity with a relatively small margin compared to the more capital intensive distribution and transmission activities.

The high operating sales margin for GTC reflects the fact that it only operates transmission services while, at the other extreme, GASCOR, the Gas Company and Allgas mainly operate distribution and retail services. AlintaGas and AGL operate both transmission and distribution services.

AGL's operating margin is similar to other distribution only utilities. This reflects the relative size of the distribution and transmission functions within AGL. Distribution and retailing of gas provided AGL with over 60 per cent of its profit (transmission 13 per cent) and made up 75 per cent of AGL's net assets (transmission 12 per cent). The businesses dominated by gas distribution, GASCOR, the Gas Company and Allgas, have similar operating sales margins.

Prices

Real residential gas prices have fallen since 1994–95 in Victoria, by 3.3 per cent, and Western Australia, by 4.0 per cent.³ Nominal tariffs in Western Australia have not increased since 1991. Although prices prior to 1994–95 are relevant to the GTEs' predecessors, GFCV and SECWA respectively, it is possible to compare the residential price indexes in Victoria and Western Australia over the five year period (see Figure 3.3).

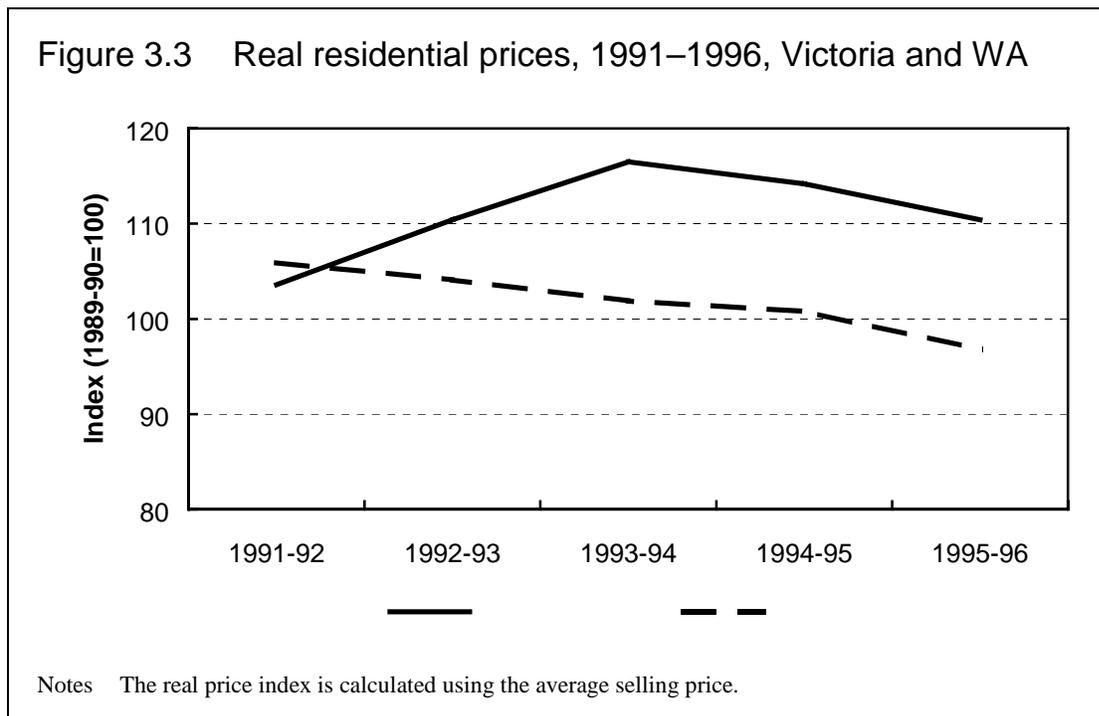


³ The Steering Committee use average selling prices to construct the price index. The data supplied by AlintaGas for 1994–95 reported in Volume 2 of this report only relates to the second half of that period. Due to seasonal influences, the average selling price for 1994–95 could be overstated. The real reduction reported in Figure 3.3 of 4 per cent is based on advice from the Western Australian Treasury and AlintaGas.

Shareholders' returns

All gas GTEs are subject to income and State wholesale tax equivalent payments. In addition, they pay dividends at rates negotiated between shareholders and the GTE. GASCOR is also liable to pay a Public Authorities Contribution which is fixed at a percentage rate of gas sales. GASCOR's Public Authority Contribution to the Victorian government was \$326.5 million in 1995-96. The GTC and GASCOR incurred income tax equivalent expenses of \$15.7 million and \$67.0 million respectively in 1995-96. AlintaGas incurred income tax equivalent expenses of \$8.3 million in 1995-96.

GTC provided for a dividend payout ratio of 50 per cent and GASCOR a ratio of 83.7 per cent in 1995-96. This compares to the two private gas companies, AGL and Allgas, with dividend payout ratios of 33.4 per cent and 56.3 per cent respectively in 1995-96 (see Figure 3.4). AlintaGas did not pay a dividend in 1994-95 or 1995-96. AlintaGas is carrying a high level of debt and the dividend policy reflects a decision to reduce debt to a level that is considered more acceptable by the Board of AlintaGas and the WA Government before dividends are paid.



Accounting rates of return are commonly used in financial markets as an indicator of the viability of a business. The assets of GASCOR and GTC were revalued upwards in 1995–96. A moderate increase in operating profit for both these GTEs was offset by the effect of asset revaluations to produce a fall in the reported return on assets over the year.

Return on assets is calculated using average assets, so the impact of revaluations is understated. Although the results for AGL incorporate some of its non-gas businesses, over 70 per cent of profit (before interest, tax and abnormals) and revenue can be attributed to AGL's gas businesses.

Return on assets in the public and private sectors are comparable although AlintaGas is at the low end despite a small improvement over its 1994–95 result (see Figure 3.5).

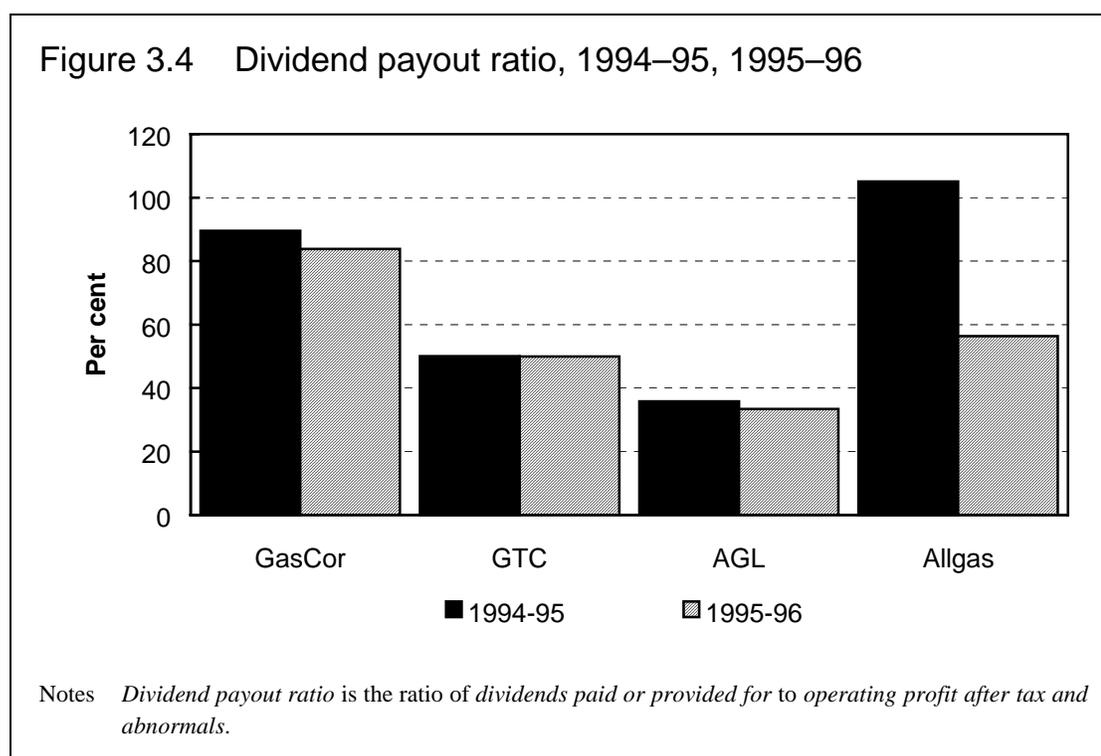
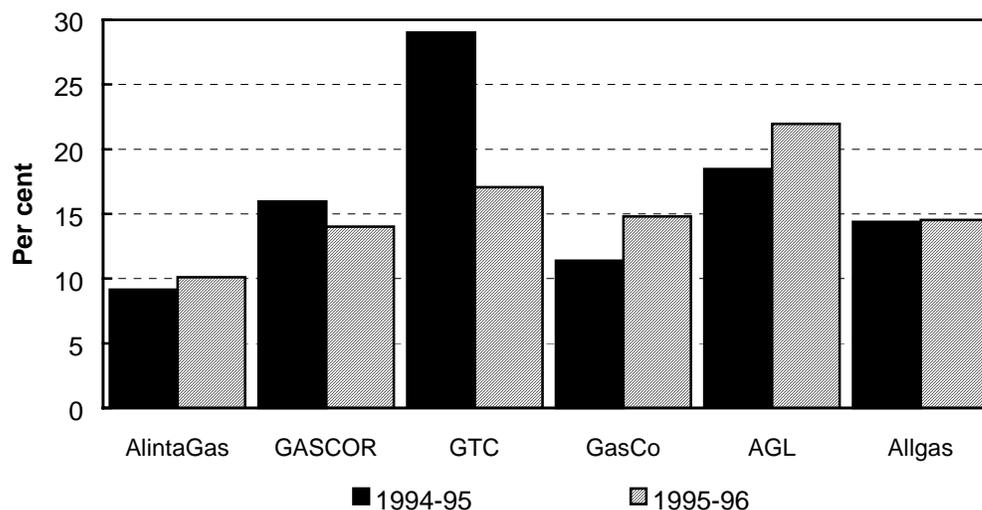


Figure 3.5 Return on assets



Notes Return on assets is the ratio of earnings before interest and tax (EBIT) to average total assets.

Productivity

In the absence of data on total factor productivity, this section examines changes in labour and capital productivity of the gas distribution businesses. GTC has been excluded from the comparison because its transmission-only activities cannot be meaningfully compared to the distribution activities of the other GTEs and private businesses. Partial labour and capital productivity indicators are sensitive to the operating environment and the functions of each enterprise (see Table 3.2 for some relevant operational data).

Table 3.2 Some operational characteristics of gas utilities

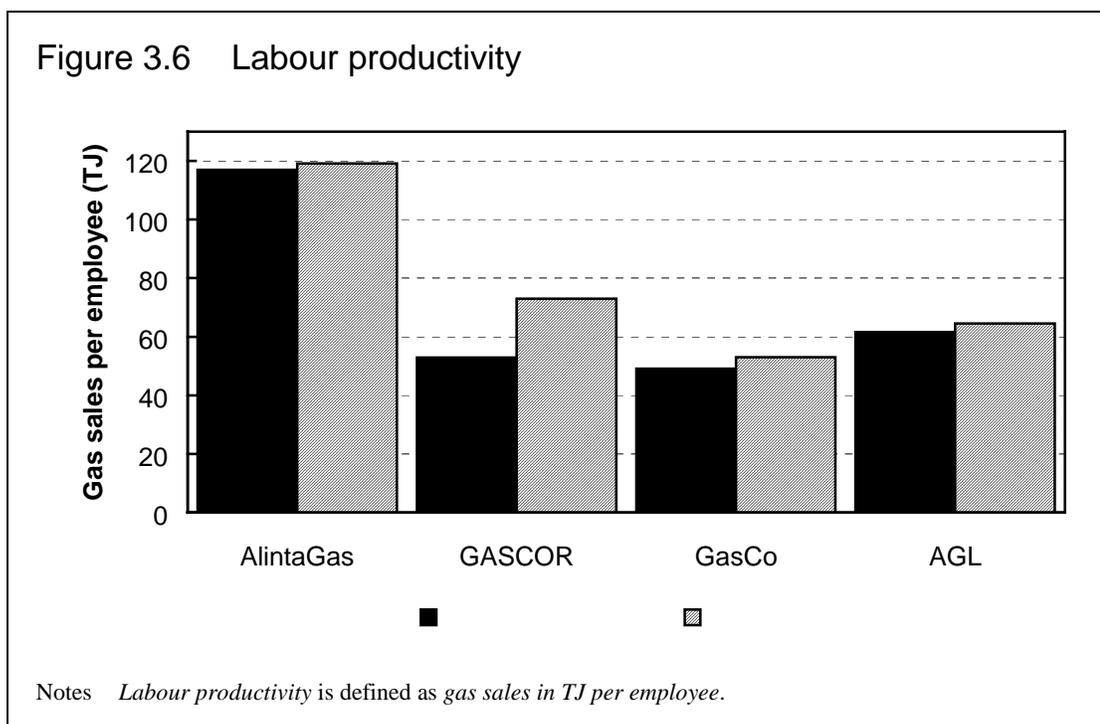
Utility	Customers per km of main	Average GJ sales per industrial customer ^a	Industrial sales (per cent share)	Residential sales (per cent share)
AlintaGas	38.3	167 868	60.3	31.4
GASCOR	59.1	18 141	24.8	62.9
South Australia ^a	48.9	22 444	72.9	19.0
New South Wales ^a	31.8	31 997	75.4	13.6

Notes Some large industrial customers in WA now source gas directly from producers.

a Data relates to all gas utility operations in NSW and SA for 1994–95. Source, Australian Gas Association.

GASCOR services a large residential market while AlintaGas supplies a large proportion of its output to a relatively small number of large industrial customers. Although industrial sales make up a large proportion of the market in SA and NSW, the average size of industrial customers is much smaller than is the case for AlintaGas.

Labour productivity, measured as gas sales per employee, reflects the variation in customer profiles (see Figure 3.6). The increase in reported labour productivity at GASCOR in 1995–96 is attributable to the outsourcing of appliance repair and maintenance, meter installation and mains and service maintenance during 1995–96. When this change in employment mix is recognised it is not possible to distinguish between the labour productivity results for GASCOR, AGL and the Gas Company.

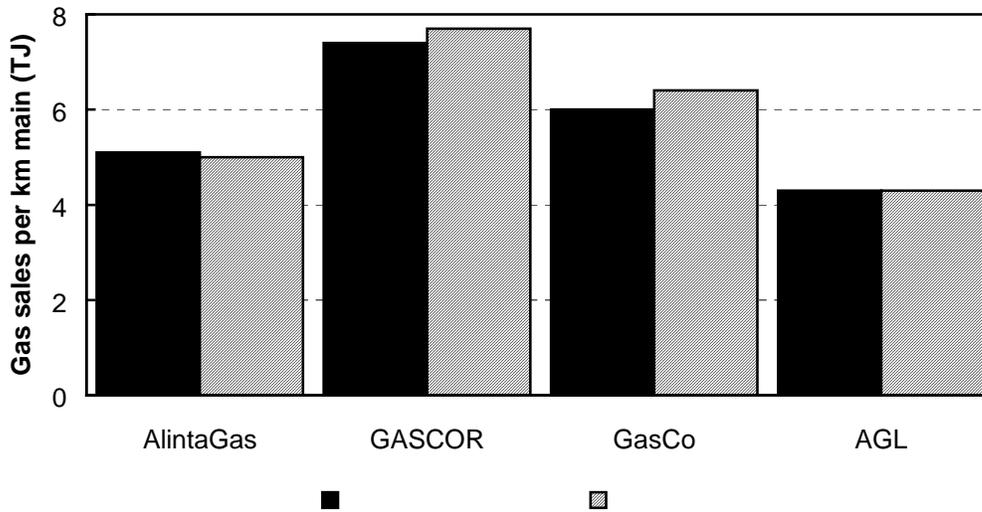


Operational factors also impact on partial measures of capital productivity. GASCOR's higher customer density tends to raise its measure of capital productivity compared to AGL and AlintaGas, which have the two lowest customer densities of the four businesses (see Figure 3.7).

Allowing for operational and environmental factors, it is not possible to distinguish between the distribution GTEs' productivity performance.

Most of the indicators suggest that the three gas GTEs' performance is comparable to the private gas distribution businesses. However, the return to shareholders by AlintaGas was below shareholders' returns in comparable companies.

Figure 3.7 Capital productivity



Notes *Capital productivity* is defined as gas sales in TJ per kilometre of main.

4 WATER, SEWERAGE, DRAINAGE AND IRRIGATION

Key results 1995–96

- **Profitability of water authorities remained steady ...**
The overall operating sales margin for water GTEs was 29 per cent in 1995–96 (29.1 per cent in 1994–95).
- **... while the price of water services fell overall.**
The real price indexes for the ‘urban’ and ‘mixed rural’ groups fell, but the ‘bulk water’ price index rose for the second consecutive year.
- **Total payments to government rose considerably ...**
Total real payments to government by water authorities grew by 60 per cent to \$504 million, mainly due to increased dividend payments by the four ‘Melbourne Water Consolidated’ GTEs.
- **... and the return on water assets rose slightly.**
The overall return on assets for water authorities was 3.5 per cent (3.3 per cent in 1994–95).
- **Service standards were maintained at generally high levels.**
Compliance with quality standards for both water and sewerage remained high, and a significant improvement in sewerage reliability was recorded.

4.1 Industry structure

Water GTEs undertake a range of activities, including bulk water supply, reticulation, sewerage collection and treatment, drainage and irrigation. The monitored GTEs take a variety of structural forms (see Table 4.1).

Table 4.1 Activities of monitored GTEs in the water services industry, 1995–96

<i>GTE</i>	<i>Activity</i>				
	<i>Bulk water</i>	<i>Reticulation</i>	<i>Sewerage</i>	<i>Drainage</i>	<i>Irrigation</i>
New South Wales					
Gosford City Council	✓	✓	✓	✓	
Hunter Water Corporation	✓	✓	✓	✓	
Sydney Water Corporation	✓	✓	✓	✓	
Wyong Shire Council	✓	✓	✓	✓	
Victoria					
Barwon Water	✓	✓	✓	✓	
‘Melbourne Water Consolidated’ ^a					
City West Water		✓	✓		
Melbourne Water Corporation	✓		✓	✓	
South East Water		✓	✓		
Yarra Valley Water		✓	✓		
Queensland					
Brisbane City Council	✓	✓	✓	✓	
Department of Natural Resources, State Water Projects					✓
Gold Coast Water	✓	✓	✓	✓	
South Australia					
South Australian Water Corporation ^b	✓	✓	✓	✓	✓
Western Australia					
Water Corporation ^b	✓	✓	✓	✓	✓
Tasmania					
Hobart Regional Water Board	✓				
North West Regional Water Authority	✓				
Rivers and Water Supply Commission, North Esk	✓				
Northern Territory					
Power and Water Authority ^b	✓	✓	✓	✓	
Australian Capital Territory					
ACTEW Corporation	✓	✓	✓		

a Following the disaggregation of the former Melbourne Water Corporation in 1994–95, separate data are now presented for the new Melbourne Water Corporation, City West Water, South East Water and Yarra Valley Water.

b These authorities supplied separate data for their metropolitan and country operations.

In this report, the water authorities have been classified into four groups — urban, mixed rural, bulk water and irrigation — in order to make comparisons more robust (see Table 4.2).

Table 4.2 Water authority groupings and service areas

<i>GTE</i>	<i>Service area</i>
Urban	
ACTEW Corporation	Greater Canberra and ACT
Barwon Water	Geelong, Bellarine Peninsula and surrounding areas
Brisbane City Council	Greater Brisbane
City West Water	Melbourne CBD, inner and western suburbs
Gold Coast Water	Gold Coast and Albert Shire
Gosford City Council	City of Gosford
Hunter Water Corporation	Newcastle, Lake Macquarie, Maitland, Cessnock and the Shire of Port Stephens
Power and Water Authority (metropolitan)	Darwin
SA Water Corporation (metropolitan)	Adelaide and surrounding areas
South East Water	South-east Melbourne and the Mornington Peninsula
Sydney Water Corporation	Greater Sydney, Illawarra and the Blue Mountains
Wyong Shire Council	Wyong Shire
Yarra Valley Water	Yarra Valley (north-east Melbourne)
Water Corporation (WA, metropolitan)	Perth, Mandurah and surrounding areas
Mixed rural	
Power and Water Authority (country)	Alice Springs and remainder of Northern Territory
SA Water Corporation (country)	Remainder of South Australia
Water Corporation (WA, country)	Remainder of Western Australia
Bulk water	
Hobart Regional Water Board	Greater Hobart
Melbourne Water Corporation ^a	Greater Melbourne and the Mornington Peninsula
North West Regional Water Authority	Devonport and municipalities of Waratah-Wynyard, Circular Head, Central Coast, Latrobe and Kentish
Rivers and Water Supply Commission, North Esk	Launceston, George Town, Prospect Vale, Hadspen and Bell Bay
Irrigation	
Department of Natural Resources, State Water Projects	Rural Queensland

a Melbourne Water Corporation provides bulk water services and sewerage and drainage services. For the purposes of comparison, the Melbourne water industry is consolidated and included in the discussion under urban water authorities.

The largest group comprises the ‘urban’ water authorities, which provide the majority of their services to urban populations. Water GTEs within this group vary considerably in terms of revenue generated (see Table 4A.1). For example, the three reticulation GTEs supplying Melbourne — City West Water, South East Water and Yarra Valley Water — and Sydney Water generated 22 per cent and 24 per cent of the total industry revenue in 1995–96, respectively. By contrast, the two smallest ‘urban’ GTEs — Gosford City Council and Wyong Shire Council — generated only 1.8 per cent of industry revenue in 1995–96.

A second group — ‘mixed rural’ — has been created from those parts of State and Territory GTEs supplying water, sewerage and drainage services to rural areas. Two of the three GTEs in this group — the country operations of SA Water and the Water Corporation (WA) — also operate irrigation schemes. The largest ‘mixed rural’ GTE is the Water Corporation (WA, country), which generated \$134 million of revenue in 1995–96. By comparison, this represents only around one-tenth of the revenue of Sydney Water.

GTEs which fall into the ‘bulk water’ category have no retail functions and are only involved in providing bulk water and sewerage services to regional distribution businesses. This group consists of the three monitored Tasmanian authorities. Although the Melbourne Water Corporation is a bulk water supplier, it has been included in the ‘urban’ group to provide consistency with previous years’ data, when the four Melbourne water GTEs were aggregated.

Currently, the Queensland Department of Natural Resources (DNR), State Water Projects, is the only GTE in the ‘irrigation’ group.

4.2 Policy initiatives

Corporatisation, outsourcing and pricing reforms continued in the water industry in 1995–96 (see Table 4.3).

On 1 July 1995, ACTEW and the Engineering and Water Supply Department were corporatised and renamed the ACTEW Corporation and South Australian Water Corporation, respectively. On 1 January 1996, the Water Authority of Western Australia was also corporatised, becoming the Water Corporation. As part of a restructuring of Western Australia’s water industry, the management of the State’s water resources and waterways, and regulatory functions, were transferred to two new statutory bodies.

Consistent with these corporatisations, ACTEW, SA Water and the Water Corporation (WA) incurred tax equivalent expense for the first time in 1995–96.¹

Administrative changes also occurred in Tasmania, with the passage of the *Government Business Enterprise Act 1995*. The Act, which covers the three bulk water suppliers monitored in this report, is aimed at improving the accountability and commercial focus of the State’s GTEs.

1 GTEs use tax effective accounting to record income tax equivalent expense. This may differ from the tax equivalent payments made during the period, because of timing effects.

In July 1995, State Water Projects was established as a business unit in the new Queensland Department of Natural Resources. The operations of the group will be fully commercialised from 1 July 1997.

On 1 January 1996, SA Water outsourced the management, operation and maintenance of Adelaide's water and wastewater systems to United Water International for the next 15 years. A second major contract was also signed with the private sector to build, own and operate ten water treatment plants to supply filtered water to the Adelaide Hills and country areas. In Western Australia, the operation and maintenance of Perth's water and wastewater reticulation services were outsourced under two private sector contracts.

Further progress was made on pricing reform in 1995–96, with emphasis on a shift from property-value to consumption based tariff structures.

Sydney Water has been phasing out property-value based charges for its commercial and industrial customers over the last two years. In October 1995, Sydney Water eliminated the property tax component for residential customers altogether and now charges solely on the basis of usage.

SA Water also increased its reliance on consumption based charges in 1995–96 by extending the volumetric pricing system to ensure all water usage incurs a charge. In Western Australia, the Water Corporation began a six year program to phase in meter size based water service charges for non-residential country customers. A five year program also commenced to replace valuation based charges with fixture based and volumetric charges for non-residential metropolitan sewerage customers.

Table 4.3 Reform initiatives affecting the water industry, 1991–92 to 1995–96

<i>Jurisdiction</i>	<i>Date</i>	<i>Nature of reform or policy initiative</i>
National	Feb 1994	COAG endorsed a framework of initiatives for the water industry over a seven year period. The framework covers water pricing reform based on the principles of consumption based pricing and full cost recovery, elimination of cross subsidies and making cross subsidies transparent. Also covered are issues on water allocation and entitlement, reform of irrigation systems, allocating water for environmental purposes and institutional reform.
New South Wales	Jan 1992	Hunter Water Corporation (HWC) (previously Hunter Water Board) established under the <i>State-Owned Corporations Act 1989</i> .
	July 1992	Government Pricing Tribunal (GPT) established to review and determine maximum prices charged by GTEs, including water authorities.
	1993–94	Sydney Water Board (SWB) adopted a holding company subsidiary model for its operations. Three subsidiaries established — Utilities, Bulk Water and Waste Water, and Australian Water Technologies (AWT). Internal services provided by AWT opened to market competition. Regulatory responsibility for drinking water quality removed from SWB and placed with the Department of Health. SWB's prices set for the first time as a result of a determination process involving the GPT. The GPT endorsed a single water price replacing a four tier water charging arrangement.
	1994–95	Negotiation of a five year package of regulatory reforms for HWC for the period 1995 to 2000, covering access to raw water, service standards, pricing and discharge standards. The property-valuation component of HWC's tariffs was removed. Introduction of Build, Own, Operate schemes as a means of developing and financing capital works. A contract was signed for the construction, operation and maintenance of water filtration plants at Illawarra and Woronora.
	1995	All Government Irrigation areas in the Murray and Lachlan Valley privatised. Two smaller schemes in Murrumbidgee Valley also privatised.
	Jan 1995	Sydney Water Corporation (SWC) (previously Sydney Water Board) established under the <i>State Owned Corporations Act 1989</i> and placed under similar regulatory regime to HWC (see above). Regulatory and operational functions begin to be separated.

Table 4.3 Reform initiatives affecting the water industry, 1991–92 to 1995–96 (continued)

<i>Jurisdiction</i>	<i>Date</i>	<i>Nature of reform or policy initiative</i>
New South Wales (continued)	July 1995	HWC introduced a Customer Charter as a means of measuring the level of service provided to customers.
	Oct 1995	Residential property taxes eliminated.
	1995–96	Water reform package announced by Government included process to establish water quality and river flow objectives for all rivers, adoption of a new range of charges for all water users, and referral of bulk rural water pricing to the Independent Pricing and regulatory Tribunal (IPART).
	June 1996	Medium path price determination for Sydney Water and Hunter Water (for four years) and Gosford and Wyong Councils (for three years) announced by IPART.
Victoria	Oct 1993	Office of Water established to oversee the management of water resources.
	June 1994	Introduction of a policy to increase the user pays proportion of water bills for customers in the Melbourne metropolitan region.
	July 1994	Melbourne Parks and Waterways separated from the Melbourne Water Corporation.
	1995	Amalgamation of 83 non-metropolitan water authorities into 19 regional authorities.
		Rural Water Corporation disaggregated into four rural water authorities. Policy and regulatory functions were removed.
	Jan 1995	Melbourne Water Corporation disaggregated into three retail water businesses (City West Water, South East Water and Yarra Valley Water) and a wholesale water and sewerage business, which retained the name of Melbourne Water Corporation.
	July 1995	Legislative amendments to enable temporary interstate trade in irrigation water allocation.
Sept 1995	Legislative amendments to the licensing arrangements for the three metropolitan retail companies, allowing provision for third party access to their infrastructure.	

Table 4.3 Reform initiatives affecting the water industry, 1991–92 to 1995–96 (continued)

<i>Jurisdiction</i>	<i>Date</i>	<i>Nature of reform or policy initiative</i>
Victoria (continued)	1995–96	Increase in the percentage of customers within country water authorities charged using a two-part user pays pricing tariff. Tariff involves a fixed charge (independent of property values in 95 per cent of cases) plus a variable charge based on consumption. Restructure and sale of the scientific and technical services businesses of the former Rural Water Corporation.
Queensland	May 1995	Gold Coast Water established as a Department of the new City of Gold Coast, which was formed from the amalgamation of the Gold Coast City Council and Albert Shire Council.
	July 1995	State Water Projects established as a business unit in the Department of Natural Resources as a first stage in commercialisation.
South Australia	Dec 1994	Volumetric water pricing for residential users announced. Commercial users retained on a value based system with some usage charges.
	1994–95	Regulatory functions transferred from the Engineering and Water Supply Department (EWSD) to non-commercial government agencies. Sale of EWSD's manufacturing and fabrication businesses to the private sector.
	July 1995	EWSD corporatised and renamed the South Australian Water Corporation.
	1995–96	Continuation of pricing reform by SA Water to extend volumetric pricing system to ensure all water usage incurs a charge.
	Jan 1996	Management, operation and maintenance of Adelaide's water and sewerage network, together with management of capital works program, contracted out to United Water International for the next 15 years. Functions remaining in SA Water were restructured.
Western Australia	1993–94	Two year program began to phase out the free water consumption allowance. Commencement of the phasing in for non-residential metropolitan customers of water charges based on meter size and volume of water consumed.
	1995–96	Phasing in of meter size based water service charges extended to non-residential country customers. A five year program began to replace valuation based charges with fixture based and volumetric charges for non-residential metropolitan sewerage customers. Operation and maintenance of Perth's water and wastewater reticulation services outsourced under two private sector contracts.

Table 4.3 Reform initiatives affecting the water industry, 1991–92 to 1995–96 (continued)

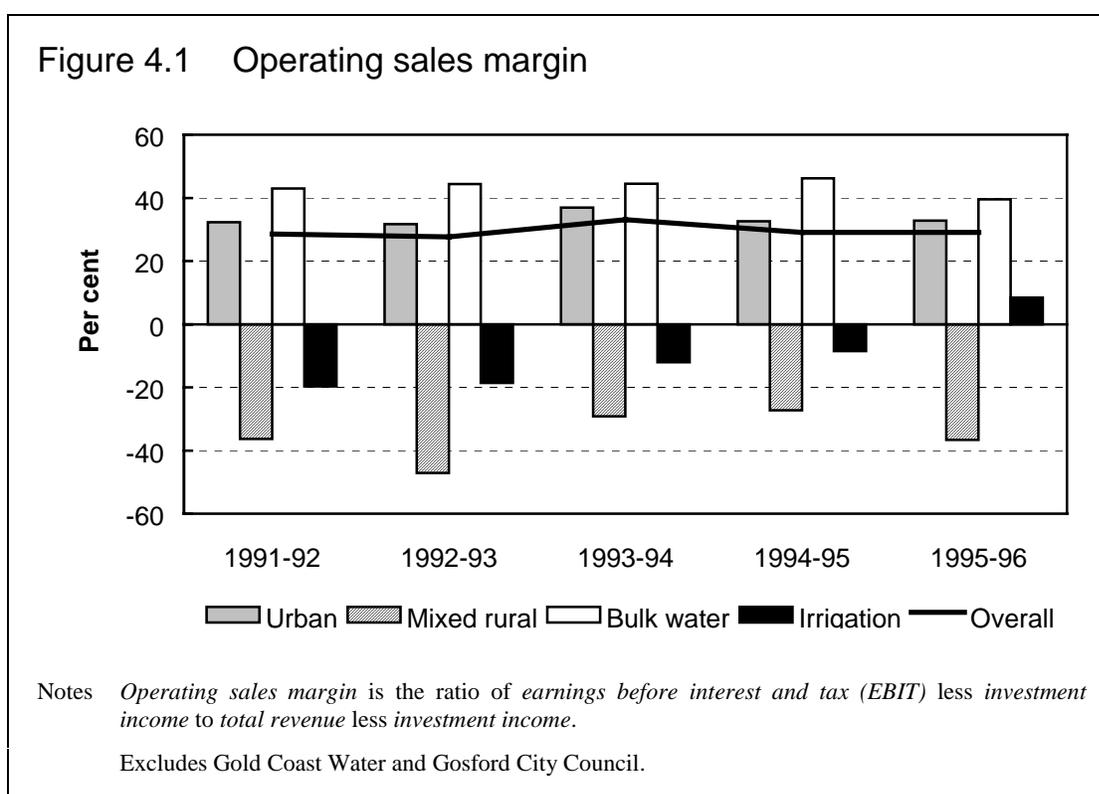
<i>Jurisdiction</i>	<i>Date</i>	<i>Nature of reform or policy initiative</i>
Western Australia (continued)	Jan 1996	The then Water Authority of Western Australia and the Waterways Commission replaced with: <ul style="list-style-type: none"> • the Water Corporation which provides water, sewerage, drainage and irrigation services; • a Water and Rivers Commission whose functions are to assess, allocate and conserve State's water resources; and • an Office of Water Regulation which provides independent advice to the Government on water issues and administers a utility licensing regime.
	March 1996	A farmer-led organisation, South West Irrigation, has taken over management of irrigation services in the south west of the State from the Water Corporation. Farmers now have direct control over the delivery of water irrigation needs. However, the south west irrigation system's assets are still owned by the Water Corporation.
Tasmania	July 1995	Hobart Regional Water Board, North West Regional Water Authority and Rivers and Water Supply Commission become GBEs with the passage of <i>Government Business Enterprises Act 1995</i> . The Act introduces competitive neutrality principles and provides for the establishment of an independent commission to investigate and report on GBE pricing policies.
	1995–96	Development of a user pays water pricing policy for use by the Hobart Regional Water Board which eliminates cross-subsidies and improves price signals.
Northern Territory	1995	Development of a trade waste tariff policy based on user pays.
	April 1995	PAWA classified as Government Business Division (GBD) under the <i>Financial Management Act</i> .
Australian Capital Territory	July 1994	A usage based water pricing policy system introduced and the free water allowance effectively removed for all customers.
	July 1995	ACTEW corporatised.

4.3 Financial performance

This section examines the financial performance of water GTEs with respect to profitability, prices and shareholder returns.

Profitability

The overall *operating sales margin* for water GTEs remained steady at around 29 per cent in 1995–96 (see Figure 4.1 and Table 4A.2). As in previous years, there is a large gap between the highest and lowest margins reported, with operating sales margins ranging from minus 56 per cent (Water Corporation, WA, country) to positive 55 per cent (Melbourne Water Corporation).



The operating sales margin of GTEs varied widely across the four industry groups in 1995–96, with ‘bulk water’ continuing to record the largest overall margin.

Following significant improvements over the previous two years, the sales margin for the ‘mixed rural’ group deteriorated in 1995–96. Rural authorities have historically recorded lower sales margins than urban GTEs, in part due to

the higher average cost of providing water services to regions with low population densities.

During 1995–96, strong revenue growth coupled with a decline in expenses resulted in the DNR, State Water Projects (‘irrigation’) producing its first positive sales margin for the reporting period.²

Prices

The weighted average *real price index* for water GTEs fell in 1995–96 (see Figure 4.2 and Table 4A.3). However, care must be taken when interpreting this result. Due to the unavailability of data from a number of ‘urban’ GTEs, the ‘overall’ and ‘urban’ price indices were heavily influenced by changes in the average price of water services supplied by Sydney Water.

In the ‘urban’ group, Sydney Water’s real price index fell substantially for the second consecutive year. The Power and Water Authority (metropolitan) was the only monitored ‘urban’ GTE to record a rise in its price index. Moving towards full cost recovery, the Authority has increased water tariffs by 27 per cent in real terms since 1990–91.

The real price index for the ‘mixed rural’ group fell during 1995–96. The first fall recorded over the reporting period, the result was mainly due to a reduction in the Water Corporation’s (WA, country) price index.

The real price index for ‘bulk water’ rose for the second consecutive year, with only the Rivers and Water Supply Commission recording a slight fall.

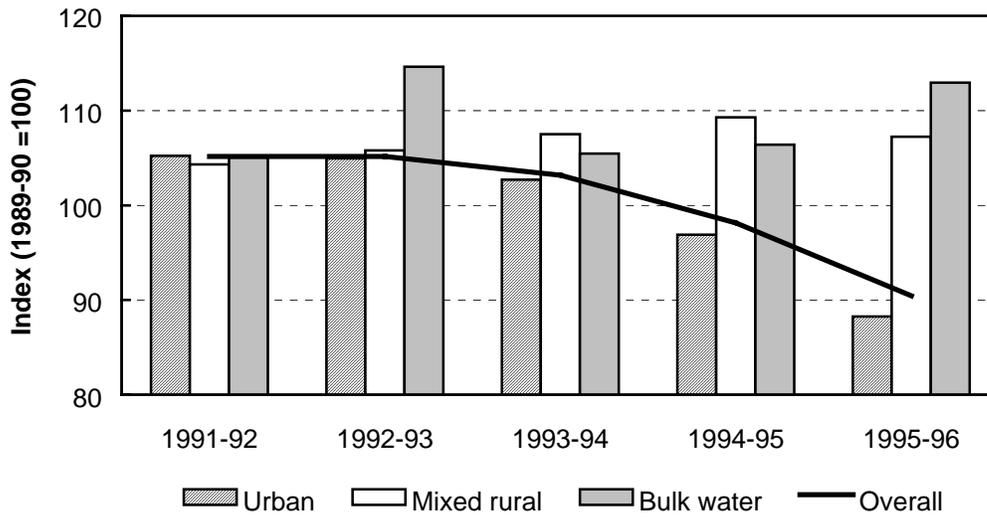
Shareholder returns

As owners of water authorities, State and Territory governments require appropriate rates of return on their investments in water infrastructure. Direct returns may be in the form of dividend payments. Reflecting the emphasis now placed on competitive neutrality, many water GTEs are also required to make tax equivalent payments. Competitive neutrality ensures that these dividend and tax equivalent payments are structured to ensure that GTEs make the same payments to governments as they would in private hands.³

2 Unlike other water authorities, DNR’s accounts are prepared on a cash, rather than an accrual, basis.

3 In addition to income tax equivalents, State and Territory GTEs are required to pay sales tax equivalents. However, for the purpose of this Report, *real payments to government* includes income tax equivalent payments and dividends, but not sales tax equivalents or other payments to government.

Figure 4.2 Real prices



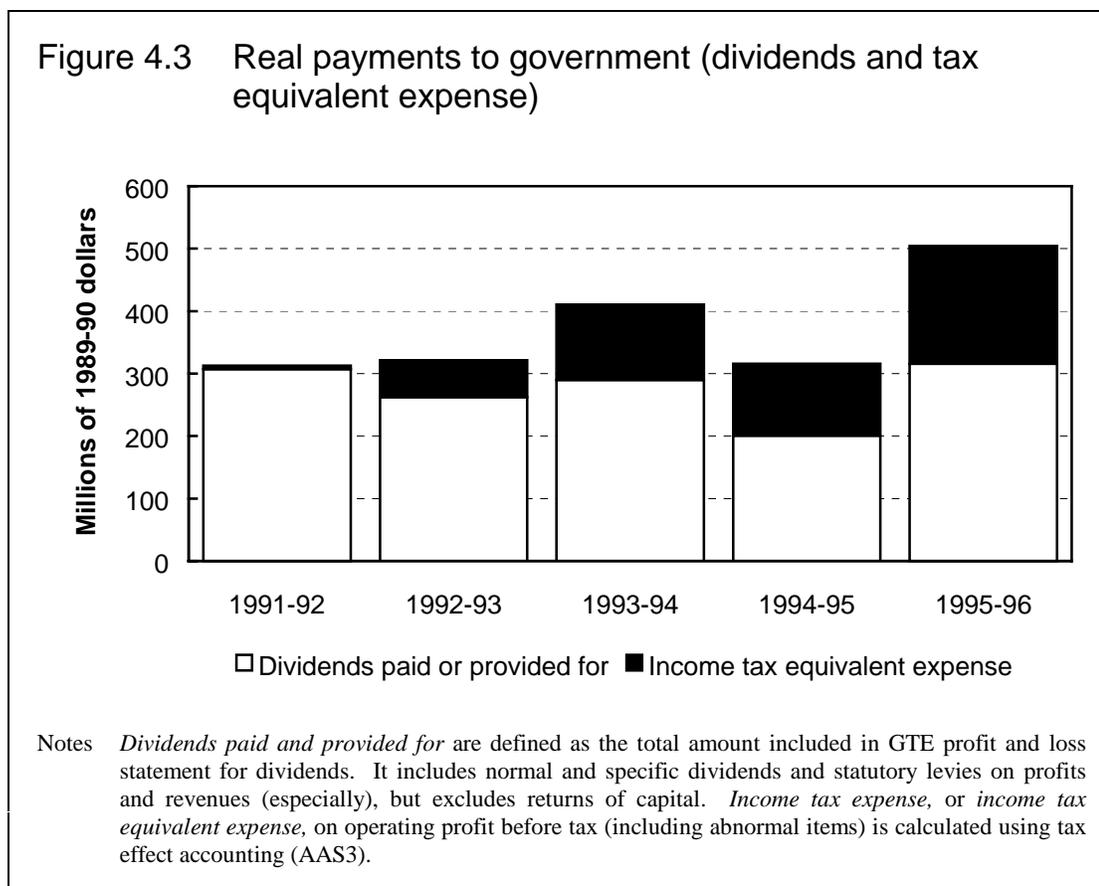
Notes *Real price indices* calculated by deflating each GTE's average selling price by the appropriate capital city CPI. Group indices calculated by weighting each GTE's price index by its share of group revenue.

The 'Urban' index includes ACTEW Corporation, Hunter Water, Power and Water Authority (metropolitan), SA Water (metropolitan), Sydney Water and Water Corporation (WA, metropolitan). As a result of data unavailability, an 'Irrigation' index is not reported.

Real payments to government by water GTEs totalled \$504 million (in 1989–90 dollars) in 1995–96, an increase of 60 per cent (\$188 million) from the previous year (see Figure 4.3 and Table 4A.4).

Real dividends paid or provided for increased by 57 per cent to \$316 million in 1995–96. This was mainly due to a \$116 million rise in payments by the four Melbourne water GTEs. The Water Corporation (WA) also more than doubled its dividend payments to the WA Government in the latest year.

Real income tax equivalent expense rose by 64 per cent to \$188 million in 1995–96. This reflected a doubling of income tax equivalent expense incurred by Sydney Water and contributions for the first time by the three newly corporatised GTEs — ACTEW, SA Water and the Water Corporation (WA).



The overall *return on assets* for water GTEs rose slightly, to 3.5 per cent, in 1995–96 (see Figure 4.4 and Table 4A.5). Return on assets ranged from a low of minus 3.3 per cent (Power and Water Authority, country) to positive 13.9 per cent (Melbourne Water Corporation). However, it should be noted that return on assets data are heavily influenced by the method of asset valuation used, which varies between GTEs.

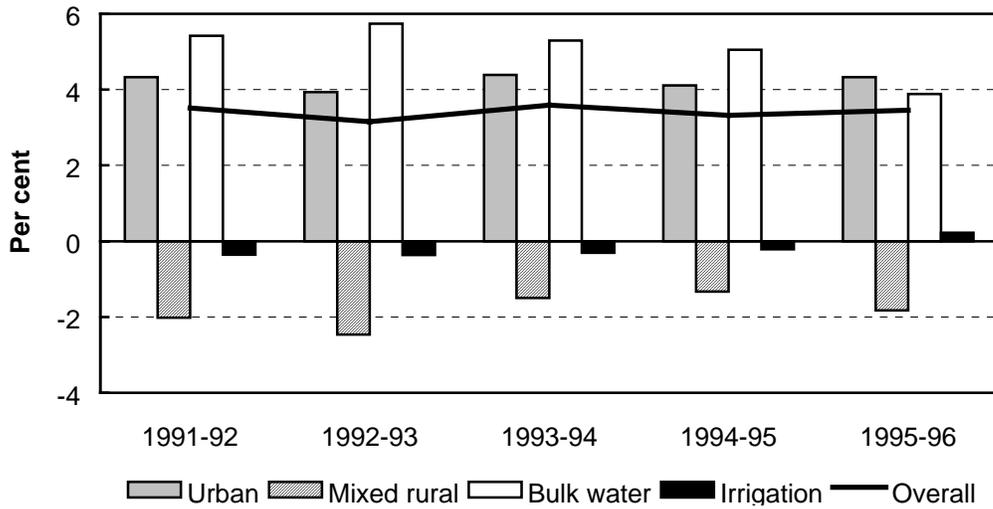
‘Urban’ and ‘bulk water’ have been the only groups consistently to record a positive return on assets over the last five years. In 1995–96, most ‘mixed rural’ and ‘bulk water’ suppliers recorded lower returns.

The small increase in the return on assets for the ‘urban’ group reflects small improvements by Sydney Water and the four Melbourne water GTEs.

Negative returns continued in the three ‘mixed rural’ GTEs, although the SA Water Corporation (country) recorded a slight improvement.

The DNR, State Water Projects (‘irrigation’) produced a positive return on assets for the first time over the reporting period in 1995–96.

Figure 4.4 Return on assets



Notes *Return on assets* is the ratio of *industry earnings before income tax (EBIT)* to *total industry average assets*.

Excludes Gold Coast Water and Gosford City Council.

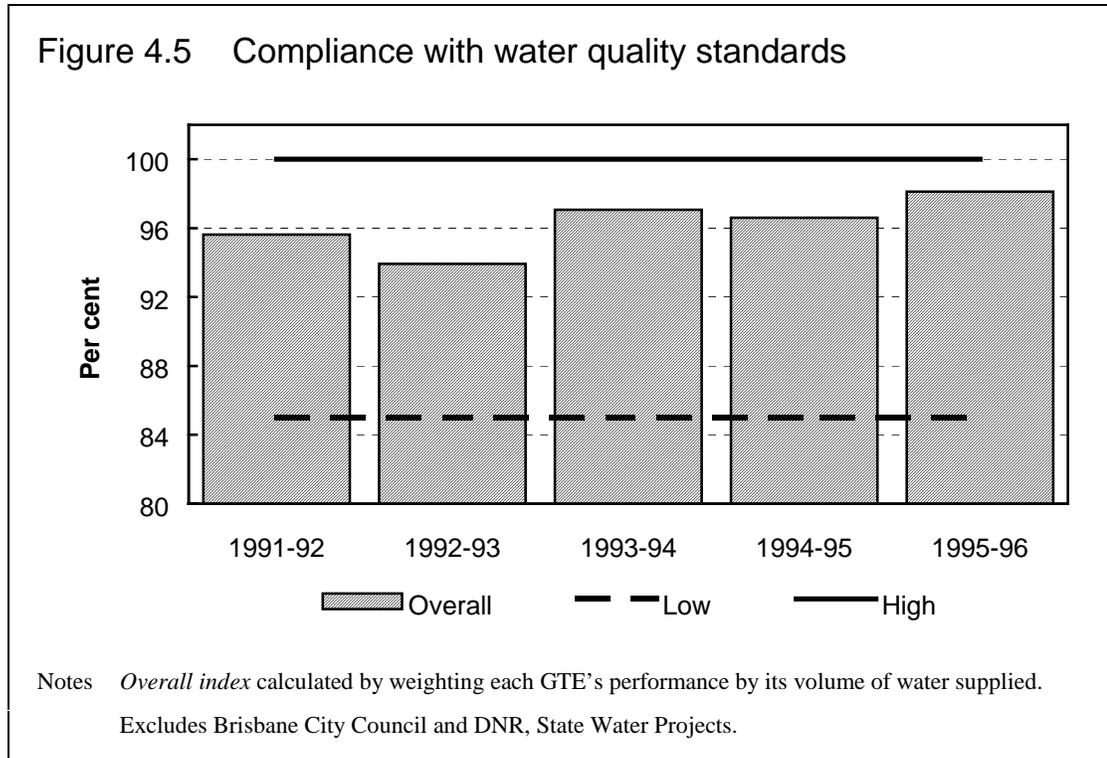
4.4 Service performance

The quality and reliability of services provided by water GTEs is important to consumers and the environment. As infrastructure ages, breaks and interruptions to supply are likely to increase and maintenance expenses rise.

Service quality

Two indicators of service quality are *compliance with water quality standards* and *compliance with sewerage effluent standards*. Both indicators measure the percentage of samples meeting guidelines with respect to microbiological, pH, colour and turbidity measures.

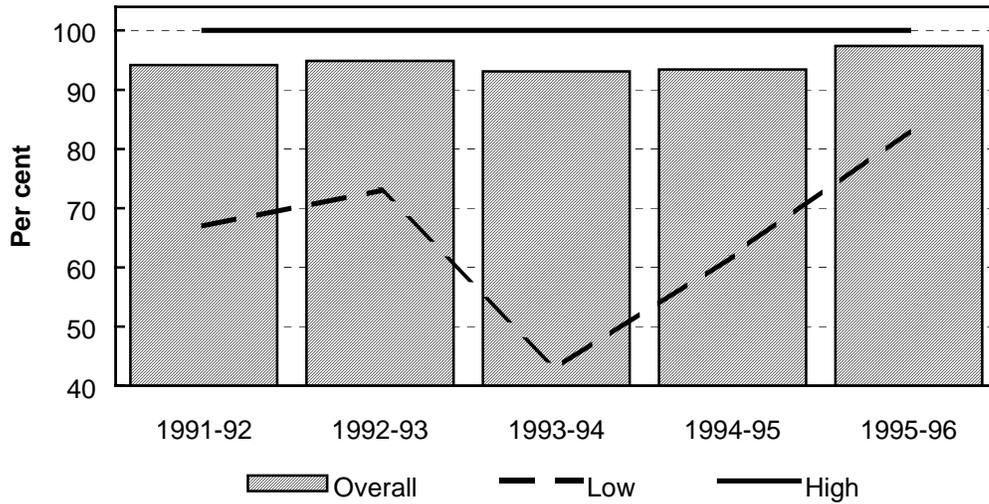
Weighted average compliance with water quality and sewerage effluent standards have been generally maintained at high levels over the last five years, and were 98 and 93 per cent respectively in 1995–96 (see Figures 4.5 and 4.6, Tables 4A.6 and 4A.7).



Compliance with water quality standards ranged between a low of 85 per cent (Power and Water Authority, country, health only) and 100 per cent (reported by a number of GTEs). Sydney Water made the greatest improvement in water quality standards in the latest year, increasing its compliance level from 90.0 to 96.9 per cent.

The gap between the best and worst performing GTEs in meeting sewerage effluent standards reduced significantly in 1995–96. SA Water (metropolitan) had been the worst performing GTE in each of the previous four years, but recorded a 92.0 per cent compliance level in 1995–96. The best performing GTEs have consistently reported 100 per cent compliance.

Figure 4.6 Compliance with sewerage effluent standards



Notes Overall index calculated by weighting each GTE's performance by its volume of sewerage treated.

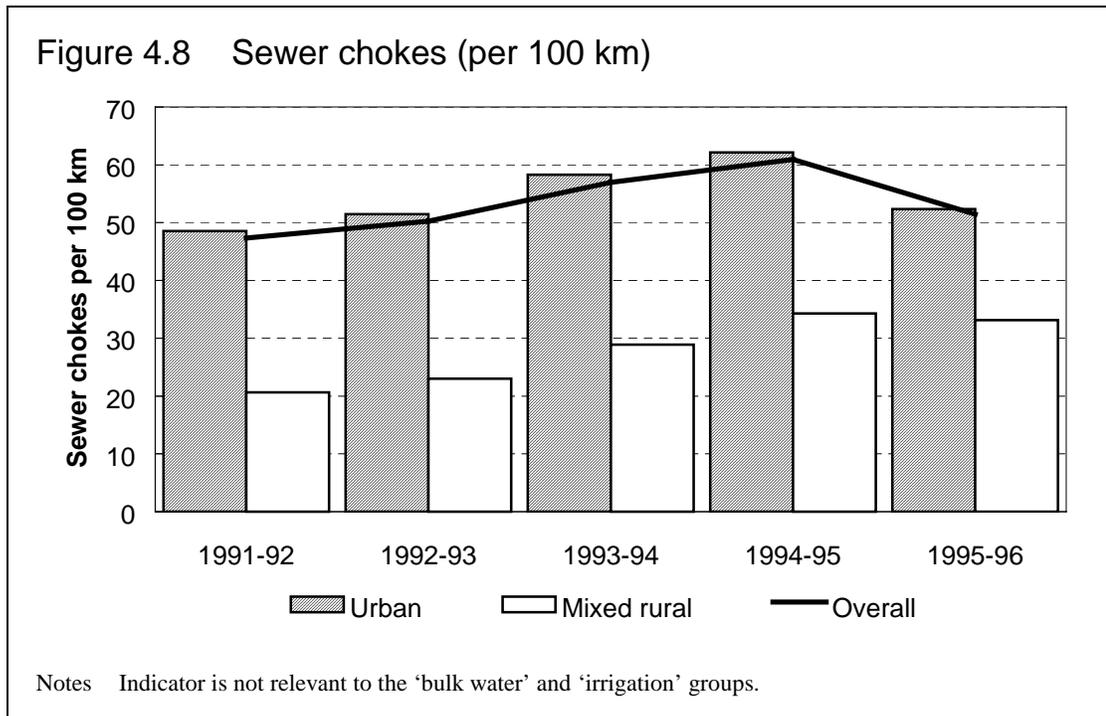
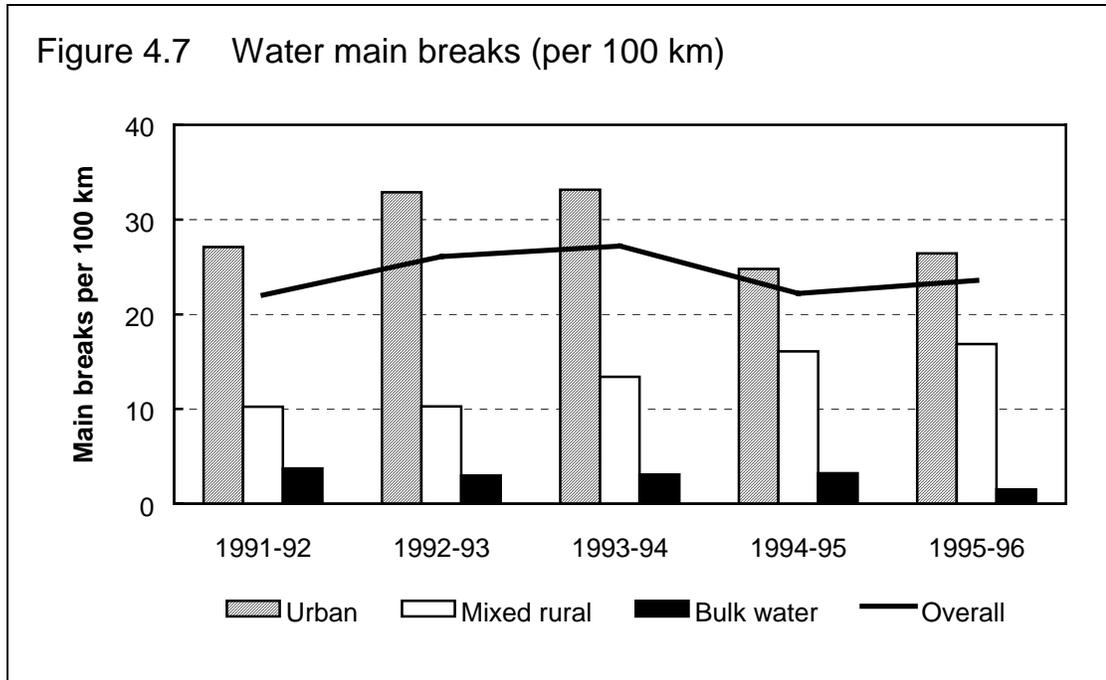
Excludes Hobart Regional Water Board, North West Regional Water Authority, Rivers and Water Supply Commission and DNR, State Water Projects.

Service reliability

Two indicators of service reliability are *water main breaks per 100 kilometres* and *sewer chokes per 100 kilometres*.

After improving considerably in 1994–95, water main breaks per 100 kilometres in the industry overall rose slightly (see Figure 4.7 and Table 4A.8). Both the 'urban' and 'mixed rural' groups recorded an increase in this indicator in 1995–96. However, the 'bulk water' group halved its number of water main breaks per 100 kilometres in the latest year. Significant improvements were reported in this group by the North West Regional Water Authority and Rivers and Water Supply Commission.

The number of sewer chokes per 100 kilometres fell substantially in 1995–96 (see Figure 4.8 and Table 4A.9). This was mainly due to a 16 per cent decrease in this indicator for 'urban' authorities, with ACTEW, Gosford City Council and Hunter Water Corporation reporting the greatest improvements in sewerage reliability. The 'mixed rural' group also recorded a slight reduction in sewer chokes per 100 kilometres in the latest year.



Appendix 4A Data

Table 4A.1 Total revenue by water industry GTE, 1995–96 (\$ million)

<i>GTE</i>	<i>Revenue</i>	<i>Per cent share</i>
'Melbourne Water Consolidated' ^a	1 759	36.4
Sydney Water Corporation	1 168	24.2
Water Corporation (all undertakings)	579	12.0
South Australian Water Corporation (all undertakings)	398	8.2
Brisbane City Council	293	6.1
Hunter Water Corporation	129	2.7
Gold Coast Water	120	2.5
ACTEW Corporation	91	1.9
Barwon Water	62	1.3
Power and Water Authority (all undertakings)	57	1.2
Gosford City Council	50	1.0
Department of Natural Resources, State Water Projects	49	1.0
Wyong Shire Council	41	0.8
Hobart Regional Water Board	17	0.4
North West Regional Water Authority	9	0.2
Rivers and Water Supply Commission, North Esk	6	0.1
All	4 828	100.0
Melbourne Water Corporation	676	14.0
City West Water	283	5.8
South East Water	385	8.0
Yarra Valley Water	415	8.6

- a 'Melbourne Water Consolidated' is the sum of the four water GTEs serving metropolitan Melbourne; it includes one wholesale water business (Melbourne Water Corporation) and three retail water businesses (City West Water, South East Water and Yarra Valley Water). Total revenue for the consolidated business includes the revenue attributable to the bulk water business, Melbourne Water Corporation. For comparative purposes, this tends to overstate 'Melbourne Water Consolidated' revenue relative to integrated GTEs.

Table 4A.2 Operating sales margin (per cent)

<i>GTE</i>	1991–92	1992–93	1993–94	1994–95	1995–96
Urban					
ACTEW Corporation	10.9	12.5	5.3	9.3	20.5
Brisbane City Council	26.3	25.2	18.8	20.8	19.2
Barwon Water	43.7	41.2	42.4	49.5	40.9
City West Water ^a	n.r.	n.r.	n.r.	-0.7	16.7
Gold Coast Water	n.p.	n.p.	n.p.	38.1	32.3
Gosford City Council	39.6	20.7	n.p.	36.4	39.7
Hunter Water Corporation	24.2	24.2	24.4	20.7	27.7
Melbourne Water Corporation ^a	n.r.	n.r.	n.r.	46.9	54.9
‘Melbourne Water Consolidated’	39.4	42.3	49.4	n.r.	n.r.
Power and Water Authority (metropolitan)	4.6	-3.2	-16.5	-3.2	0.8
South East Water ^a	n.r.	n.r.	n.r.	25.5	30.9
SA Water Corporation (metropolitan)	36.4	33.3	42.3	42.6	45.6
Sydney Water Corporation	27.2	22.3	27.9	21.0	26.8
Water Corporation (WA, metropolitan)	35.3	37.9	45.4	44.1	40.2
Wyang Shire Council ^b	43.0	51.2	51.7	42.5	31.8
Yarra Valley Water ^a	n.r.	n.r.	n.r.	26.4	23.9
<i>All urban</i> ^c	32.3	31.7	37.0	32.5	32.8
Mixed rural					
Power and Water Authority (country)	15.7	-4.1	-11.7	-21.8	-40.2
SA Water Corporation (country)	-22.3	-45.9	-7.1	-7.7	-4.0
Water Corporation (WA, country)	-59.8	-56.8	-45.8	-40.8	-56.4
<i>All mixed rural</i>	-36.3	-47.1	-29.1	-27.3	-36.7
Bulk water					
Hobart Regional Water Board	41.2	41.7	40.1	40.3	35.2
North West Regional Water Authority	47.2	54.2	45.7	43.6	47.8
Rivers and Water Supply Commission	41.4	34.7	57.0	66.5	40.5
<i>All bulk water</i>	43.0	44.4	44.5	46.2	39.6
Irrigation					
Department of Natural Resources, State Water Projects	-19.7	-18.6	-12.0	-8.5	8.4
All	28.5	27.6	33.1	29.1	29.0

Notes *Operating sales margin* is the ratio of *earnings before interest and tax (EBIT)* less *investment income* to *total revenue less investment income*.

a 1994–95 figures based on half year results ending 30 June 1995.

b Water and sewerage combined.

c Excludes Gold Coast Water and Gosford City Council.

n.p. not provided

n.r. not relevant

Table 4A.3 Real price index (1989–90=100)

<i>GTE</i>	<i>1991–92</i>	<i>1992–93</i>	<i>1993–94</i>	<i>1994–95</i>	<i>1995–96</i>
Urban					
ACTEW Corporation	105.6	114.7	119.7	120.4	117.4
Brisbane City Council	n.p.	n.p.	n.p.	n.p.	n.p.
Barwon Water	n.p.	n.p.	n.p.	n.p.	n.p.
City West Water ^a	n.r.	n.r.	n.r.	97.3	96.4
Gold Coast Water ^b	n.p.	n.p.	n.p.	100.0	95.6
Gosford City Council	n.p.	n.p.	n.p.	n.p.	n.p.
Hunter Water Corporation	93.0	92.0	86.0	81.0	76.1
Melbourne Water Corporation	n.r.	n.r.	n.r.	n.r.	n.r.
‘Melbourne Water Consolidated’	107.5	96.5	112.6	n.r.	n.r.
Power and Water Authority (metropolitan)	102.3	112.2	112.1	109.9	116.1
South East Water ^b	n.r.	n.r.	n.r.	100.0	96.4
SA Water Corporation (metropolitan)	109.6	110.4	109.4	112.4	112.1
Sydney Water Corporation	106.7	105.3	100.6	89.0	74.1
Water Corporation (WA, metropolitan)	101.2	101.7	105.9	108.2	104.3
Wyong Shire Council	n.p.	n.p.	n.p.	n.p.	n.p.
Yarra Valley Water	n.r.	n.r.	n.r.	100.0	96.4
<i>Average urban</i> ^c	<i>105.2</i>	<i>104.9</i>	<i>102.7</i>	<i>96.9</i>	<i>88.3</i>
Mixed rural					
Power and Water Authority (country)	102.6	112.3	113.2	110.1	116.7
SA Water Corporation (country)	109.6	110.4	109.4	112.4	112.1
Water Corporation (WA, country)	101.2	101.7	105.3	107.2	102.8
<i>Average mixed rural</i>	<i>104.3</i>	<i>105.8</i>	<i>107.5</i>	<i>109.3</i>	<i>107.2</i>
Bulk water					
Hobart Regional Water Board	102.0	109.2	97.9	102.6	112.5
North West Regional Water Authority	105.9	119.5	103.4	90.7	99.0
Rivers and Water Supply Commission	114.9	125.2	132.6	137.2	135.6
<i>Average bulk water</i>	<i>105.1</i>	<i>114.6</i>	<i>105.5</i>	<i>106.4</i>	<i>112.9</i>
Irrigation					
Department of Natural Resources, State Water Projects	n.p.	n.p.	n.p.	n.p.	n.p.
Industry average	105.2	105.1	103.2	98.1	90.4

Notes *Real price indices* calculated by deflating each GTE’s average selling price by the appropriate capital city CPI. Group indices calculated by weighting each GTE’s price index by its share of group revenue.

a The base for the index is 1 July 1994.

b The base year for the index is 1994–95.

c Average only includes ACTEW, Hunter Water, Power and Water Authority (metropolitan), SA Water (metropolitan), Sydney Water and Water Corporation (WA, metropolitan).

n.p. not provided

n.r. not relevant

Table 4A.4 Real payments to government ('000s of 1989–90 dollars)

<i>GTE</i>	1991–92	1992–93	1993–94	1994–95	1995–96
Real dividends paid or provided for					
ACTEW Corporation	2 597	2 842	0	0	4 501
Barwon Water	0	1 512	3 302	3 394	3 514
Hunter Water Corporation	8 154	11 142	11 355	15 397	24 937
'Melbourne Water Consolidated' ^a	120 259	194 674	200 677	51 294	167 399
City West Water ^b	n.r.	n.r.	n.r.	0	17 736
Melbourne Water Corporation ^b	n.r.	n.r.	n.r.	25 264	67 568
South East Water ^b	n.r.	n.r.	n.r.	11 394	43 328
Yarra Valley Water ^b	n.r.	n.r.	n.r.	14 636	38 767
SA Water Corporation	0	0	0	51 583	31 353
Sydney Water Corporation	159 492	34 613	52 245	56 179	33 698
Water Corporation (WA)	16 538	17 468	21 996	22 928	50 474
<i>All dividends paid or provided for</i>	<i>307 040</i>	<i>262 251</i>	<i>289 575</i>	<i>200 775</i>	<i>315 875</i>
Real income tax equivalent expense					
ACTEW Corporation	0	0	0	0	3 352
Hunter Water Corporation	5 844	15 095	11 845	12 429	13 706
'Melbourne Water Consolidated' ^a	0	0	65 874	65 456	63 209
City West Water ^b	n.r.	n.r.	n.r.	- 610	7 194
Melbourne Water Corporation ^b	n.r.	n.r.	n.r.	10 775	20 810
South East Water ^b	n.r.	n.r.	n.r.	6 615	21 248
Yarra Valley Water ^b	n.r.	n.r.	n.r.	8 838	13 956
SA Water Corporation	0	0	0	0	9 881
Sydney Water Corporation	0	44 259	43 484	37 207	78 687
Water Corporation (WA)	0	0	0	0	19 501
<i>All income tax equivalent expense</i>	<i>5 844</i>	<i>59 354</i>	<i>121 203</i>	<i>115 092</i>	<i>188 337</i>
Total real payments to government	312 885	321 605	410 777	315 867	504 212

Notes *Dividends paid and provided for* are defined as the total amount included in GTE profit and loss statement for dividends. It includes normal and specific dividends and statutory levies on profits and revenues (especially), but excludes returns of capital. *Income tax expense*, or *income tax equivalent expense*, on operating profit before tax (including abnormal items) is calculated using tax effect accounting (AAS3).

a 'Melbourne Water Consolidated' total for 1994–95 includes tax equivalent expense for the first six months of 1994–95 by the former Melbourne Water Corporation.

b 1994–95 figures based on half year results ending 30 June 1995.

n.r. not relevant

Table 4A.5 Return on assets (per cent)

<i>GTE</i>	1991–92	1992–93	1993–94	1994–95	1995–96
Urban					
ACTEW Corporation	1.1	1.1	0.6	0.9	1.9
Brisbane City Council	2.3	2.1	1.6	2.0	2.0
Barwon Water	9.6	8.0	8.3	9.8	7.0
City West Water ^a	n.r.	n.r.	n.r.	-0.1	9.6
Gold Coast Water	n.p.	n.p.	n.p.	5.1	4.4
Gosford City Council	8.0	4.2	n.p.	4.3	4.3
Hunter Water Corporation	2.7	2.4	2.2	1.8	2.2
Melbourne Water Corporation ^a	n.r.	n.r.	n.r.	6.0	13.9
‘Melbourne Water Consolidated’	10.8	11.0	12.9	11.8	12.2
Power and Water Authority (metropolitan)	0.6	-0.3	-2.0	-0.2	0.5
South East Water ^a	n.r.	n.r.	n.r.	4.8	12.2
SA Water Corporation (metropolitan)	3.7	3.2	4.2	4.7	4.7
Sydney Water Corporation	3.1	2.2	2.5	2.2	2.6
Water Corporation (WA, metropolitan)	3.8	3.8	4.0	3.7	3.3
Wyong Shire Council ^b	6.9	9.3	9.1	4.9	3.0
Yarra Valley Water	n.r.	n.r.	n.r.	5.3 ^a	9.2
<i>All urban</i> ^c	4.3	3.9	4.4	4.1	4.3
Mixed rural					
Power and Water Authority (country)	2.2	-0.4	-1.0	-2.0	-3.3
SA Water Corporation (country)	-0.9	-1.7	-0.3	-0.4	-0.2
Water Corporation (WA, country)	-3.7	-3.5	-2.5	-2.0	-2.9
<i>All mixed rural</i>	-2.0	-2.5	-1.5	-1.3	-1.8
Bulk water					
Hobart Regional Water Board	4.9	5.3	5.0	4.9	3.9
North West Regional Water Authority	7.5	8.6	5.4	4.1	4.3
Rivers and Water Supply Commission	4.4	3.7	6.0	6.9	3.3
<i>All bulk water</i>	5.4	5.7	5.3	5.0	3.9
Irrigation					
Department of Natural Resources, State Water Projects	-0.4	-0.4	-0.3	-0.2	0.2
All ^c	3.5	3.2	3.6	3.3	3.5

Notes *Return on assets* is the ratio of *industry earnings before income tax (EBIT)* to *total industry average assets*.

a 1994–95 figures based on half year results ending 30 June 1995.

b Water and sewerage combined.

c Excludes Gold Coast Water and Gosford City Council.

n.p. not provided

n.r. not relevant

Table 4A.6 Compliance with water quality standards (per cent)

<i>GTE</i>	1991–92	1992–93	1993–94	1994–95	1995–96
Urban					
ACTEW Corporation ^a	97.5	97.8	98.3	96.2	95.5
Brisbane City Council	n.p.	n.p.	n.p.	n.p.	n.p.
Barwon Water	n.p.	n.p.	n.p.	93.0	94.1
City West Water ^c	n.r.	n.r.	n.r.	99.0	100.0
Gold Coast Water	n.p.	n.p.	n.p.	99.0	100.0
Gosford City Council	100.0	100.0	n.p.	100.0	100.0
Hunter Water Corporation	95.5	95.3	97.1	97.3	98.7
Melbourne Water Corporation ^c	n.r.	n.r.	n.r.	99.5	99.0
‘Melbourne Water Consolidated’	96.5	96.0	98.8	n.r.	n.r.
Power and Water Authority (metropolitan) ^b	96.0	98.0	99.0	99.0	99.0
South East Water ^c	n.r.	n.r.	n.r.	99.8	99.8
SA Water Corporation (metropolitan)	98.1	97.2	97.8	99.0	99.0
Sydney Water Corporation	93.0	89.0	95.0	90.0	96.9
Water Corporation (WA, metropolitan)	99.0	97.0	99.0	99.0	98.0
Wyang Shire Council	100.0	100.0	100.0	100.0	100.0
Yarra Valley Water ^c	n.r.	n.r.	n.r.	99.7	99.7
Mixed rural					
Power and Water Authority (country) ^b	85.0	85.0	85.0	85.0	85.0
SA Water Corporation (country)	96.0	96.1	96.9	96.0	96.0
Water Corporation (WA, country)	97.0	96.0	97.0	97.0	97.0
Bulk water					
Hobart Regional Water Board	96.2	96.9	98.3	98.8	99.3
North West Regional Water Authority	98.0	98.0	98.9	99.7	99.7
Rivers and Water Supply Commission	95.0	95.0	98.0	98.0	98.0
Irrigation					
Department of Natural Resources, State Water Projects	n.r.	n.r.	n.r.	n.r.	n.r.
Industry average	95.6	93.9	97.1	96.6	98.1

Notes *Industry average* is calculated by weighting each GTE's performance by its volume of water supplied.

a Average of health and aesthetics.

b Health only.

c 1994–95 figures based on half year results ending 30 June 1995.

n.p. not provided

n.r. not relevant

Table 4A.7 Compliance with sewerage effluent standards (per cent)

<i>GTE</i>	<i>1991–92</i>	<i>1992–93</i>	<i>1993–94</i>	<i>1994–95</i>	<i>1995–96</i>
Urban					
ACTEW Corporation	99.0	100.0	98.0	96.0	97.3
Brisbane City Council	85.0	90.0	91.0	96.0	n.r.
Barwon Water	n.p.	n.p.	n.p.	92.0	94.0
City West Water ^a	n.r.	n.r.	n.r.	98.1	100.0
Gold Coast Water	96.2	95.6	95.3	97.4	99.5
Gosford City Council	100.0	100.0	n.p.	100.0	100.0
Hunter Water Corporation	96.7	97.9	99.5	99.9	100.0
Melbourne Water Corporation ^a	n.r.	n.r.	n.r.	97.3	98.0
‘Melbourne Water Consolidated’	98.0	98.3	97.1	n.r.	n.r.
Power and Water Authority (metropolitan)	100.0	100.0	100.0	100.0	100.0
South East Water ^a	n.r.	n.r.	n.r.	100.0	100.0
SA Water Corporation (metropolitan)	67.0	73.0	43.0	62.0	92.0
Sydney Water Corporation	99.0	97.0	98.4	n.p.	n.p.
Water Corporation (WA, metropolitan)	n.p.	n.p.	100.0	100.0	100.0
Wyong Shire Council	100.0	100.0	100.0	100.0	100.0
Yarra Valley Water ^a	n.r.	n.r.	n.r.	98.7	99.9
Mixed rural					
Power and Water Authority (country)	100.0	100.0	100.0	100.0	100.0
SA Water Corporation (country)	n.p.	77.0	79.0	n.p.	83.0
Water Corporation (WA, country)	n.p.	n.p.	n.p.	86.0	90.0
Bulk water					
Hobart Regional Water Board	n.r.	n.r.	n.r.	n.r.	n.r.
North West Regional Water Authority	n.r.	n.r.	n.r.	n.r.	n.r.
Rivers and Water Supply Commission	n.r.	n.r.	n.r.	n.r.	n.r.
Irrigation					
Department of Natural Resources, State Water Projects	n.p.	n.p.	n.p.	n.p.	n.p.
Industry average	94.8	94.8	93.1	93.4	93.1

Notes Overall index calculated by weighting each GTE's performance by its volume of sewerage treated.

a 1994–95 figures based on half year results ending 30 June 1995.

n.p. not provided

n.r. not relevant

Table 4A.8 Water main breaks (per 100 km)

<i>GTE</i>	1991–92	1992–93	1993–94	1994–95	1995–96
Urban					
ACTEW Corporation	n.p.	14.0	13.0	14.3	10.7
Brisbane City Council	34.3	36.1	32.7	36.7	32.7
Barwon Water	30.3	32.1	33.9	47.6	40.7
City West Water ^a	n.r.	n.r.	n.r.	65.8	82.9
Gold Coast Water	n.p.	n.p.	n.p.	20.2	21.5
Gosford City Council	27.0	19.3	n.p.	0.1	30.0
Hunter Water Corporation	43.0	38.7	46.6	49.3	44.3
Melbourne Water Corporation ^a	n.r.	n.r.	n.r.	5.2	5.8
‘Melbourne Water Consolidated’	30.4	49.8	47.5	n.r.	n.r.
Power and Water Authority (metropolitan)	23.5	23.1	13.1	18.8	6.9
South East Water	n.r.	n.r.	n.r.	11.2	21.6
SA Water Corporation (metropolitan)	19.7	17.7	25.9	29.1	26.0
Sydney Water Corporation	35.0	37.2	35.3	26.5	27.7
Water Corporation (WA, metropolitan)	7.8	11.0	12.8	9.8	9.0
Wyang Shire Council	2.6	5.4	3.9	3.9	4.5
Yarra Valley Water ^a	n.r.	n.r.	n.r.	18.9	26.5
<i>All urban</i>	<i>27.1</i>	<i>32.9</i>	<i>33.2</i>	<i>24.3</i>	<i>26.4</i>
Mixed rural					
Power and Water Authority (country)	14.4	15.0	13.9	10.4	5.4
SA Water Corporation (country)	7.4	8.4	7.6	7.6	8.8
Water Corporation (WA, country)	13.0	12.0	19.0	24.6	25.0
<i>All mixed rural</i>	<i>10.2</i>	<i>10.3</i>	<i>13.4</i>	<i>16.1</i>	<i>16.9</i>
Bulk water					
Hobart Regional Water Board	3.7	2.0	1.8	1.0	1.2
North West Regional Water Authority	3.0	3.0	4.0	5.0	0.7
Rivers and Water Supply Commission	4.7	6.5	6.5	9.0	3.6
<i>All bulk water</i>	<i>3.7</i>	<i>3.0</i>	<i>3.1</i>	<i>3.2</i>	<i>1.5</i>
Irrigation					
Department of Natural Resources, State Water Projects	n.r.	n.r.	n.r.	n.r.	n.r.
Industry average	22.0	26.1	27.2	21.9	23.6

a 1994–95 figures based on half year results ending 30 June 1995.

n.p. not provided

n.r. not relevant

Table 4A.9 Sewer chokes (per 100 km)

<i>GTE</i>	<i>1991–92</i>	<i>1992–93</i>	<i>1993–94</i>	<i>1994–95</i>	<i>1995–96</i>
Urban					
ACTEW Corporation	n.p.	89.0	109.0	120.0	101.7
Brisbane City Council	32.6	33.6	42.5	32.6	n.r.
Barwon Water	n.p.	49.4	55.3	56.7	43.1
City West Water ^a	n.r.	n.r.	n.r.	23.8	51.5
Gold Coast Water	n.p.	n.p.	n.p.	66.4	64.0
Gosford City Council	61.4	121.0	n.p.	91.5	66.9
Hunter Water Corporation	175.1	144.5	171.9	170.6	120.5
Melbourne Water Corporation	n.r.	n.r.	n.r.	n.r.	n.r.
‘Melbourne Water Consolidated’	37.6	30.5	24.8	n.r.	n.r.
Power and Water Authority (metropolitan)	34.7	32.1	59.3	68.7	52.2
South East Water ^a	n.r.	n.r.	n.r.	13.4	18.9
SA Water Corporation (metropolitan)	49.8	45.4	56.8	63.8	63.1
Sydney Water Corporation	57.8	60.1	73.4	85.7	71.6
Water Corporation (WA, metropolitan)	26.0	29.0	36.0	34.4	25.0
Wyong Shire Council	28.0	29.0	43.0	47.0	42.7
Yarra Valley Water ^a	n.r.	n.r.	n.r.	18.2	29.5
<i>All urban</i>	<i>48.5</i>	<i>51.4</i>	<i>58.3</i>	<i>62.1</i>	<i>52.3</i>
Mixed rural					
Power and Water Authority (country)	11.2	18.3	18.0	12.8	16.5
SA Water Corporation (country)	17.4	17.2	19.0	18.5	25.2
Water Corporation (WA, country)	24.0	27.0	36.0	46.1	40.0
<i>All mixed rural</i>	<i>20.6</i>	<i>23.0</i>	<i>28.9</i>	<i>34.3</i>	<i>33.1</i>
Bulk water					
Hobart Regional Water Board	n.r.	n.r.	n.r.	n.r.	n.r.
North West Regional Water Authority	n.r.	n.r.	n.r.	n.r.	n.r.
Rivers and Water Supply Commission	n.r.	n.r.	n.r.	n.r.	n.r.
Irrigation					
Department of Natural Resources, State Water Projects	n.r.	n.r.	n.r.	n.r.	n.r.
All	47.3	50.2	56.9	60.9	51.5

a 1994–95 figures based on half year results ending 30 June 1995.

n.p. not provided

n.r. not relevant

5 URBAN TRANSPORT

Key results 1995–96

- **Cost recovery from customers remained stable.**

Cost recovery (customer revenue) remained stable at 37.6 per cent (37.9 per cent in 1994–95). Customer revenue rose 3 per cent and operating revenue fell 0.6 per cent. Operating expenses rose 3.8 per cent.

- **Return on assets fell, but remained positive ...**

Average return on assets was 2.1 per cent (8.5 per cent in 1994–95). The fall reflects lower earnings before interest and tax (EBIT).

- **... despite increased patronage.**

For the metropolitan area, boardings per head of population stood at 53.2 in 1995–96, slightly higher than at 1994–95 (52.8) and boardings per head of population (catchment) increased 1.4 per cent to 74.9.

- **Real prices for urban transport services fell ...**

Aggregate real prices were 2 per cent lower in 1995–96 than in 1994–95. The pattern of price change was mixed across the industry.

- **... but service quality appears to have deteriorated.**

There was an increase in service cancellations to 0.57 per cent (0.47 per cent in 1994–5) and the proportion of scheduled service delays increased to 7.1 per cent (6.5 per cent in 1994–95).

Over recent years, urban transport authorities have undergone a number of reforms aimed at improving their performance. Some authorities have been corporatised and others have undergone restructuring. Some GTEs now face greater competition through the competitive tendering of urban transport services. These reforms have and will continue to affect the performance of individual GTEs and the sector as a whole.

5.1 Industry structure

Ten authorities providing urban transport services in Australia are discussed in this chapter.¹ These authorities vary in terms of their size and the range of services they provide. The mix of services each GTE provides is outlined in Table 5.1. With the exception of TransAdelaide, all authorities running urban passenger trains also provide freight and non-urban passenger services.²

Table 5.1 Activities of monitored GTEs in the urban transport industry, 1995–96

<i>GTE</i>	<i>Service</i>			
	<i>Trains</i>	<i>Trams</i>	<i>Buses</i>	<i>Ferries</i>
New South Wales				
State Transit Authority			✓	✓
State Rail Authority	✓			
Victoria				
Public Transport Corporation	✓	✓	✓	
Queensland				
Brisbane Transport			✓	✓
Queensland Rail	✓			
South Australia				
TransAdelaide	✓	✓	✓	
Western Australia				
MetroBus			✓	
Westrail	✓			
Tasmania				
Metropolitan Transport Trust			✓	
Australian Capital Territory				
ACTION			✓	

1 Rail GTEs providing urban train services are discussed twice in this report. They are included in both this chapter and the railways industry summary (see Chapter 6). The only urban transport GTE not included in this chapter is the Darwin Bus Service, the government owned operator of buses in Darwin, Northern Territory.

2 Refer to the railways industry summary (Chapter 6) for a discussion of these services.

In 1995–96, the monitored urban transport authorities generated \$1.37 billion in operating revenue and controlled assets valued at \$1.15 billion.³ They carried approximately one billion passengers, (971 million in 1994–95).⁴ The State Rail Authority (NSW) is the largest, accounting for 39 per cent of operating revenue and 31 per cent of urban passenger boardings. The State Transit Authority (NSW) and the Public Transport Corporation (Victoria) are the next largest, accounting for 24 per cent and 19 per cent of operating revenue respectively. In 1995–96, the Public Transport Corporation carried 23 per cent of total passengers and the State Transit Authority carried 20 per cent.

In 1995–96, urban transport GTEs employed almost 30 000 persons (just under 32 000 in 1994–95).⁵ Over the last five years employment has fallen by 25 per cent. The State Rail Authority (NSW) and the Public Transport Corporation (Victoria) are the largest employers, accounting for 34 and 22 per cent of total industry employment. The State Transit Authority accounts for 14 per cent of total industry employment.

Most urban transport GTEs are statutory authorities. Only the Public Transport Corporation (Victoria) and Queensland Rail have been established as corporations. ACTION is part of the ACT Department of Urban Services and Brisbane Transport is part of the Brisbane City Council.

5.2 Key policy initiatives

In the last 5 years, two urban transport GTEs (the State Transit Authority and Brisbane Transport) were commercialised. Others have been exposed to competition through the tendering process for the provision of urban transport services. State governments have also removed the planning and policy functions from GTEs and have placed them within government departments.

These reforms have been aimed at increasing the commercial focus of urban transport GTEs and improving their performance. For a summary of policy initiatives affecting the urban transport industry, see Table 5.2.

3 Operating revenue excludes abnormal revenue, investment income and receipts from governments to cover operating deficits. The industry figure for operating revenue excludes Westrail's urban rail operations (not available separate to other operations). The industry figure for total assets excludes the Public Transport Corporation, the State Rail Authority, Queensland Rail and Westrail (not available separate to other operations).

4 Number of passengers is measured in terms of passenger boardings.

5 Full time equivalent staff.

Table 5.2 Reform initiatives affecting the urban transport industry, 1991–92 to 1995–96

<i>Jurisdiction</i>	<i>Date</i>	<i>Nature of reform or policy initiative</i>
New South Wales	1992–93	Commercialisation initiatives introduced for the State Transit Authority. These include performance monitoring arrangements, transparent funding for community service obligations provided under contract and restructuring to enhance accountability and debt reduction. The State Transit Authority brought under the full provisions of the <i>Passenger Transport Act 1990</i> requiring it to operate under the same conditions as private bus operators. The State Transit Authority opened its information technology and fuel maintenance activities to competitive tendering.
	1993–94	Automatic ticketing introduced within the CityRail (State Rail Authority) network.
	1994–95	Integration of ticketing across various public transport modes.
	1995–96	Development of a detailed bus priority plan for Sydney comprising physical measures (eg bus lanes) and regulatory measures (eg new rules for priority traffic).
Victoria	1993–94	Legislative changes to clarify the roles of the Department of Transport and the Public Transport Corporation and the development of formal annual service agreements. Restructuring of the Public Transport Corporation into business units. Ancillary administrative and trading activities within the Public Transport Corporation contracted out to the private sector. 80 per cent of former government bus services in Melbourne contracted to a private operator. Continuing introduction of driver-only suburban trains
	1995–96	Commercialisation of Brisbane Transport. This involved the appointment of an 8 member board, establishing operating agreements between Brisbane Transport and the Brisbane City Council, and the clarification of liabilities and the ownership of assets.
	1992–93	Urban transport pricing reforms for Transperth with fares based on distance-based costs.
	1994–95	Transfer of all monitoring, regulatory and policy-related functions from urban transport authorities to the Department of Transport. Bus services around Perth put up for tender. To 30 June 1995, two contracts had been won by MetroBus, and one by a private contractor.

Table 5.2 Reform initiatives affecting the urban transport industry, 1991–92 to 1995–96 (continued)

<i>Jurisdiction</i>	<i>Date</i>	<i>Nature of reform or policy initiative</i>
Western Australia (continued)	1994–95 (cont.)	Transperth ferry services contracted out to a private operator commencing February 1995.
	1995–96	<p>MetroBus awarded the contract to operate the Central Area Transit System.</p> <p>The contracts to operate five bus services allocated to three private groups.</p> <p>50 per cent of metropolitan bus services contracted out.</p> <p>MetroBus directed to sell its bus fleet to the Western Australian Department of Transport, and lease back buses from the Department.</p>
South Australia	1994–95	<p>New <i>Passenger Transport Act 1994</i> takes effect. The Act established the Passenger Transport Board to oversee the creation and maintenance of an integrated network of passenger transport services. The board will undertake the regulation, co-ordination and funding of public transport services including bus, rail, tram and taxi services.</p> <p>Selected public bus transport routes competitively tendered from March 1995.</p> <p>The majority of TransAdelaide’s bus, depot and workshop assets transferred to the South Australian Department of Transport and control of the ticketing system transferred to the Passenger Transport Board.</p>
	1995–96	Five service contracts awarded during the year. TransAdelaide awarded two contracts in its own right and a third as part of a joint venture arrangement with Australian Transit Enterprises. The remaining two contracts were awarded to private operators.
Tasmania	1995–96	The Metropolitan Transport Trust made a GBE under the <i>Government Business Enterprises Act 1995</i> from 1 July 1995. The Act provides for full competitive neutrality including the identification, costing, determination and funding of community service obligations. Also subject to prices oversight under the <i>Government Prices Oversight Act 1995</i> .
Australian Capital Territory	1995–96	A six member board established to oversee ACTION’s business and allow it to operate on a more commercial basis.

Notes See railways industry summary (Chapter 6) for a more detailed discussion of initiatives in rail GTEs that provide urban passenger services.

Increased commercial focus

During 1995–96, a number of urban transport GTEs were given a stronger commercial focus. For example, Brisbane Transport became a commercialised business unit of the Brisbane City Council. An eight member board was appointed to oversee operations. In response to its increased commercial focus, Brisbane Transport has concentrated on improving services through the implementation of the Brisbane Ferry Strategy (to provide high speed catamaran services to complement cross-river services) and the introduction of self-managed work teams focusing on improved customer service.

The Metropolitan Transport Trust (Tasmania) became subject to the *Government Business Enterprise Act 1995*. The Act provides for full competitive neutrality including the identification of, costing and funding of CSOs. At this stage however, the Metropolitan Transport Trust only receives explicit funding for costs incurred in providing transport for school travel. The Metropolitan Transport Trust also became subject to prices oversight under the *Government Prices Oversight Act 1995*.

During 1995–96, a six member Board was established to oversee ACTION's business and to allow it to operate on a more commercial basis.

Public tendering of services

High sunk costs, combined with government restrictions, militate against businesses competing directly with urban transport GTEs. However, competitive tendering for designated bus and ferry services is emerging as an effective method of introducing competitive pressures.

The Victorian, Western Australian and South Australian governments have all embarked on a program of tendering the provision of urban transport services. In the case of Victoria, all bus services operated by the Public Transport Corporation were put out to private tender in 1993, with a private operator now providing 80 per cent of these services. During the year the Passenger Transport Board (South Australia), awarded five service contracts (see Table 5.2).

The Western Australian Government, through Transperth, has now put 50 per cent of metropolitan bus services out to tender. During 1994–95, of three bus service areas put to tender — two were awarded to MetroBus and one to a private operator. The contract to operate Perth's ferry services was also awarded to a private operator. In 1995–96, another 5 bus service areas were put out to tender — they were awarded to three private operators. During the year, the operation of the new Central Area Transit System — a free service

operating in central Perth — was also put to tender, with MetroBus being the successful tenderer.

5.3 Financial performance

Cost structures are influenced by the mix of transport services which authorities provide. Some transport modes (such as trains) have higher fixed costs than others (such as buses). For example, ACTION (ACT), which only operates buses, has a lower proportion of fixed costs compared to the Public Transport Corporation (Victoria), which operates trams, trains and buses.

Asset valuation methods differ between urban transport authorities and also across asset classes within some authorities. This limits useful comparison. Historical cost is used as the valuation method for most of the assets of, the Public Transport Corporation, ACTION and MetroBus (Western Australia).⁶ Brisbane Transport, State Transit Authority (NSW), the Metropolitan Transport Trust (Tasmania) and TransAdelaide value all or most of their assets using current cost methods.⁷

Urban transport provides economic and social benefits to the community over and above the benefits received by the users of public transport services. These benefits include reduced road congestion and damage, reduced pollution and greater mobility for disadvantaged groups.

Traditionally, these benefits were recognised implicitly by governments and paid for through general subsidies to fund the operating deficits incurred by urban transport authorities. Recently, however, in the interests of transparency, many governments have decided to account explicitly for the social benefits of urban transport and fund them through payments to the authorities as community service obligations (CSOs).⁸

6 ACTION values its land and buildings at current cost. In 1995–96, MetroBus revalued its land, buildings and all other non-current assets on the basis of current cost.

7 In 1994–95, TransAdelaide revalued at current costs all non-current assets associated with its bus transport business. It also revalued a proportion of its property holdings.

8 A CSO arises when a government specifically requires a public enterprise to carry out activities relating to outputs or inputs which it would not elect to do on a commercial basis, and which the government does not require other businesses to generally undertake, or which it would only do commercially at higher prices. (Steering Committee on National Performance Monitoring of GTEs, 1994, p. xi).

Some urban transport authorities, however, do not receive direct CSO payments.⁹ For example, the Public Transport Corporation receives funding from the Victorian Government for general operating deficits. These general payments are made to assist in meeting a number of identified, though not explicitly measured, CSOs including the provision of affordable freight and passenger services, improved access to disadvantaged groups, reduced road congestion and reduced air pollution.

The State Rail Authority (NSW), the State Transit Authority (NSW), Queensland Rail, and the Metropolitan Transport Trust (Tasmania) receive explicit CSO payments. There are however, differences in the level and definition of payments.¹⁰

The State Transit Authority (NSW) receives payments for operating certain non-commercial passenger routes — these payments have both a ‘service level’ and ‘pricing’ component. ‘Service level’ CSOs are non-commercial services provided in off-peak periods in excess of agreed minimum service levels. ‘Pricing’ CSOs reflect the difference between fares charged and an equivalent true commercial fare. The State Transit Authority also receives reimbursement for providing school transport and other concession transport (on the basis of the number of trips taken and the distance travelled).

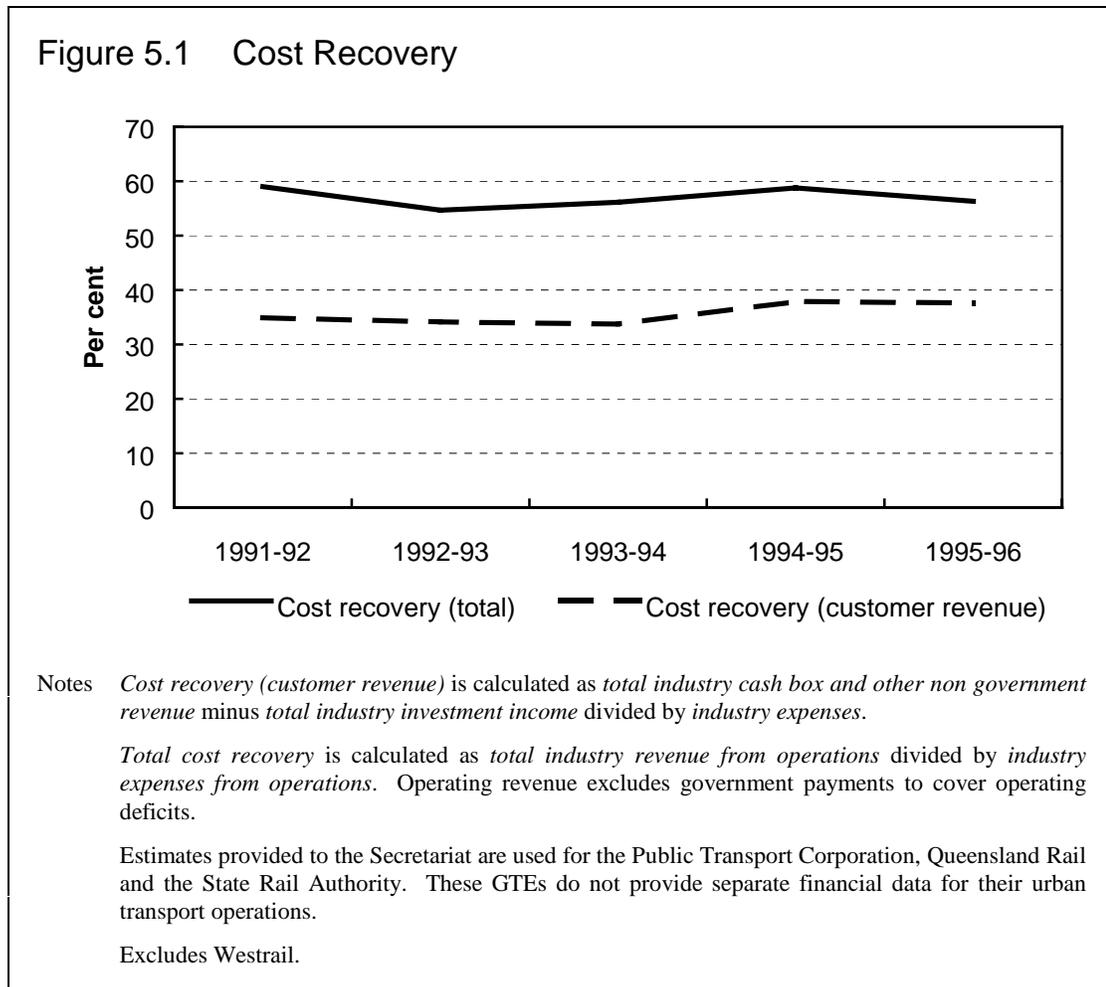
The Metropolitan Transport Trust (Tasmania) receives funding for estimated cost — net of fares collected from fare paying school children — of providing travel to and from school.

Cost recovery

Cost recovery provides a useful indicator for consistently loss making enterprises such as urban transport authorities. Cost recovery is calculated using two different revenue figures. One is *customer revenue*, that is, all revenue from non-government sources such as fares and advertising. The other is *total operating revenue*, defined as customer revenue plus all government funding for specifically agreed services (such as CSOs). This does not include payments by government to fund operating deficits.

9 ACTION, MetroBus (Western Australia), Brisbane Transport, the Public Transport Corporation (Victoria) and Westrail (Western Australia), do not receive explicit funding for CSOs.

10 For a fuller discussion of the CSO payments received by GTEs providing urban rail services, see the railways industry summary (Chapter 6).



In 1995–96, cost recovery from customer revenue remained stable at 37.6 per cent (38 per cent in 1994–95) (see Figure 5.1). Underlying this is a 3 per cent increase in customer revenue and a 3.8 per cent increase in operating expenses.

Over this period, TransAdelaide’s cost recovery from customer revenue fell to 24.7 per cent from 29.4 per cent in 1994–95. Over the year TransAdelaide’s customer revenue fell 24.2 per cent, as a result of the transfer of services to other operators. Over the same period, TransAdelaide’s operating expenses fell 10 per cent.

Over the five year period, cost recovery from customer revenue rose 7.6 per cent. This was associated with an 11 per cent increase in customer revenue and a 3 per cent increase in operating expenses. The only GTEs that did not achieve increased customer revenue were the Public Transport Corporation (Victoria) (urban transport operations), the Metropolitan Transport Trust (Tasmania) and TransAdelaide. In the case of the Public Transport Corporation and TransAdelaide, the transfer of services to other operators has

contributed to the fall in customer revenue. Brisbane Transport, the Metropolitan Transport Trust (Tasmania), and the State Rail Authority (urban rail operations) (NSW), all had increased operating expenses.

In 1995–96, industry total cost recovery fell to 56 per cent, representing an 4 per cent fall in cost recovery since the previous year (see Figure 5.1).¹¹ Operating revenue fell 0.6 per cent and operating expenses rose 4 per cent. The State Transit Authority (NSW) and ACTION (ACT) recovered 103 and 56 per cent of costs respectively (see Table 5A.2). TransAdelaide recorded a deterioration in total cost recovery in 1995–96 due to declining patronage levels. Total cost recovery fell from 41.3 per cent in 1994–95 to 38.4 per cent in 1995–96. This occurred despite a reduction in operating expenses.

Over the five year period, industry total cost recovery fell by over 1 per cent, from 34.9 per cent to 33.8 per cent. Over this period total operating revenue fell 5.5 per cent and operating expenses rose 3.4 per cent.

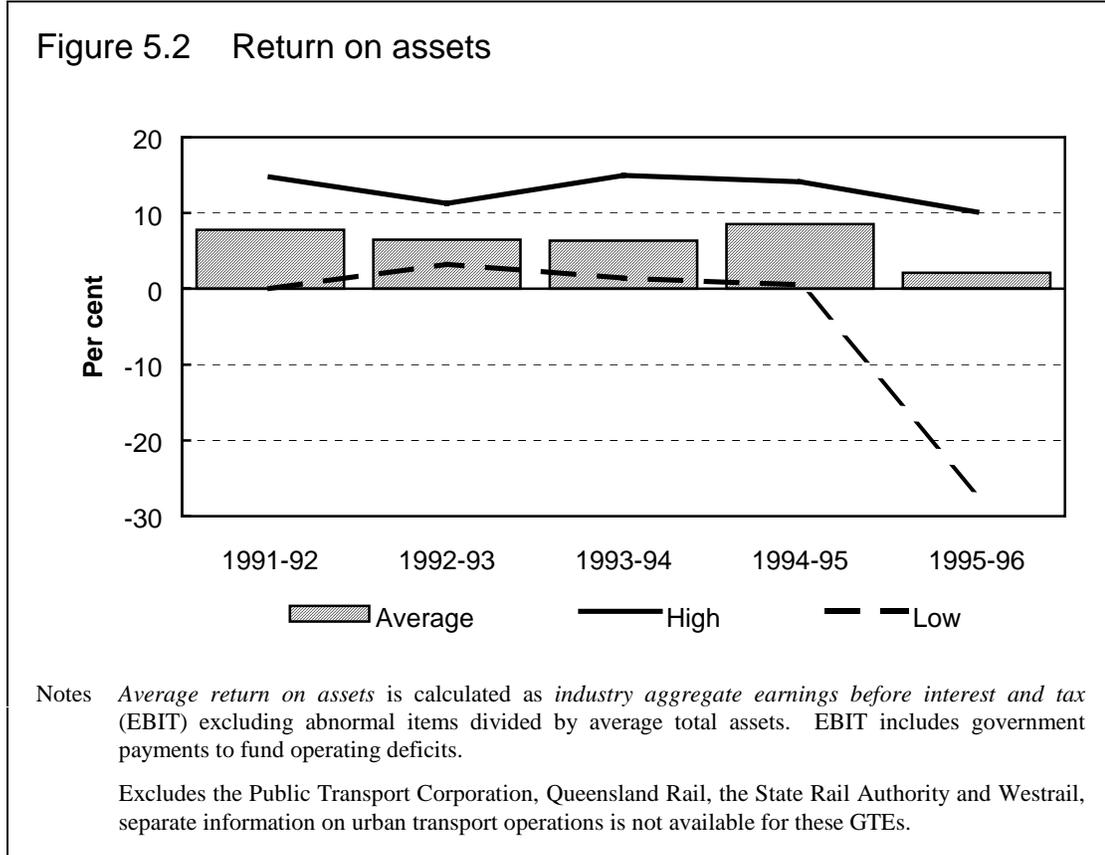
Return on Assets

In 1995–96, average return on assets fell to 2.1 per cent from 8.5 per cent in 1994–95 (see Figure 5.2). This reflects a fall in earnings before interest and tax (EBIT) of 78 per cent compared with a fall in average total assets of 11 per cent. Over the period all GTEs, with the exception of Brisbane Transport, recorded a fall in return on assets (see Table 5A.3).

Over the period, MetroBus (Western Australia) and Metropolitan Transport Trust (Tasmania) went from a positive to a negative return on assets (minus 26.7 and minus 1.4 per cent respectively).

In 1995–96, MetroBus (Western Australia) recorded a significant fall in revenue associated with lower patronage, the loss of the Midland contract area (to a private operator) and reduced funding as a result of the Public Transport Reform Program. During the year, MetroBus was also directed to sell its bus fleet, together with the Mundaring bus lay-over facility, to the Western Australian Department of Transport. Part of the proceeds of the sale were used to repay a Treasury Corporation loan, part were used as a substitute for any drawings from the consolidated fund and the remainder was treated as deferred revenue. MetroBus also revalued its remaining assets on a current cost basis. The overall effect of the disposal and revaluation was to reduce the average value of MetroBus' assets by 36 per cent.

¹¹ Total cost recovery is calculated using total operating revenue, including customer revenue, government funding for agreed services (CSOs), but not including payments by government to cover operating deficits.



TransAdelaide's return on assets fell to 5.8 per cent reflecting a fall in earnings as a result of the transfer of services to other operators (see Table 5A.3). The loss of the Outer North contract resulted in reduced contract payments from the Passenger Transport Board. During the year, TransAdelaide transferred a number of assets to a number of South Australian government departments.

The State Transit Authority (NSW) also recorded a sharp fall in return on assets, to 3.6 per cent (10.8 per cent in 1994–95); this was associated with an upwards revaluation of assets.

Robust comparisons over time are difficult because of the rapid rate of reform. Over the five year period, industry return on assets has fallen from 7.8 per cent to 2.1 per cent (see Table 5A.3). This reflects a 76 per cent fall in earnings and a 13 per cent fall in the average value of total assets. Over this period a number of GTEs have revalued their assets (for example, the State Transit Authority, Metropolitan Transport Trust and MetroBus). Others have been subject to the transfer of operations under a competitive tendering process. For example, in 1994–95 Perth's ferry services were transferred to a private operator and

TransAdelaide's bus, depot and workshop assets were transferred to the South Australian Department of Transport.

The calculation of return on assets includes payments by governments to fund operating deficits as part of EBIT. This was excluded from revenue in the calculation of cost recovery (presented in Figure 5.1). This accounts for the apparently contradictory results of positive returns on assets and less than 100 per cent cost recovery.

Prices

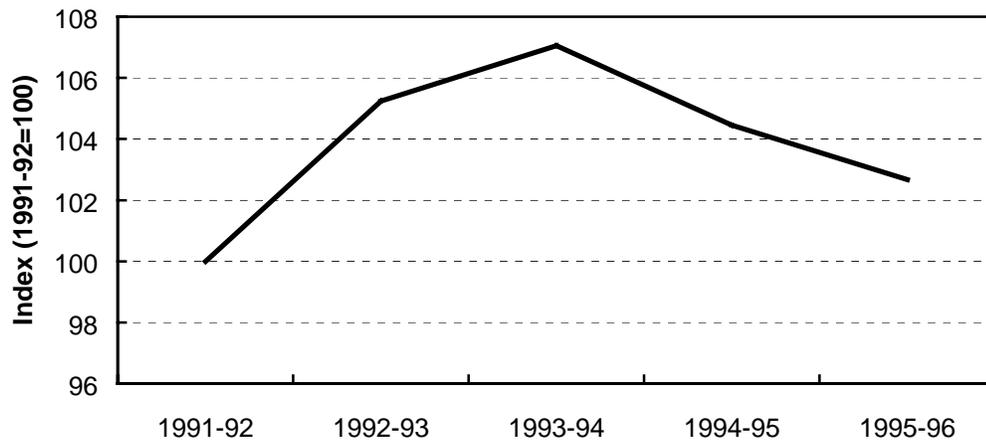
Owner governments control all aspects of urban transport pricing. In New South Wales and Tasmania, independent bodies provide advice on appropriate pricing regimes. However, the ultimate decision rests with governments. The Industry Commission (1994) noted that governments have, for many reasons, restrained fare levels. Fare restructuring in recent years has seen moves to align fare levels more closely with the cost of provision.

Real prices for urban transport services, as measured by revenue per journey, were 2 per cent lower in 1995–96 than in 1994–95 (see Figure 5.3). The pattern of price change was mixed across the industry with Westrail, TransAdelaide, ACTION (ACT) and the State Rail Authority (urban rail operations) (NSW) recording real increases in prices per journey (price rises ranged from 1 to 3.4 per cent) (see Table 5A.4).¹² The increase in ACTION's fares is aimed at bridging the gap between average full fares in the Australian Capital Territory and other States.

Over the five year period real prices rose 2.7 per cent. Price rises over this period may reflect the introduction of commercial reforms by some authorities to increase cost recovery through customer revenue. For example, this was the chief objective of pricing reforms introduced by MetroBus (Western Australia) in 1992–93.

¹² Fare increases for TransAdelaide were less than the Consumer Price Index.

Figure 5.3 Real prices



Notes The *average real price index* is calculated by weighting each GTE's price index by its share of customer revenue (cash box and other non-government revenue minus investment income). In the case of Westrail, passenger revenue is used.

Excludes MetroBus because of inconsistencies in its real price index associated with the restructuring of its operations in 1994-95.

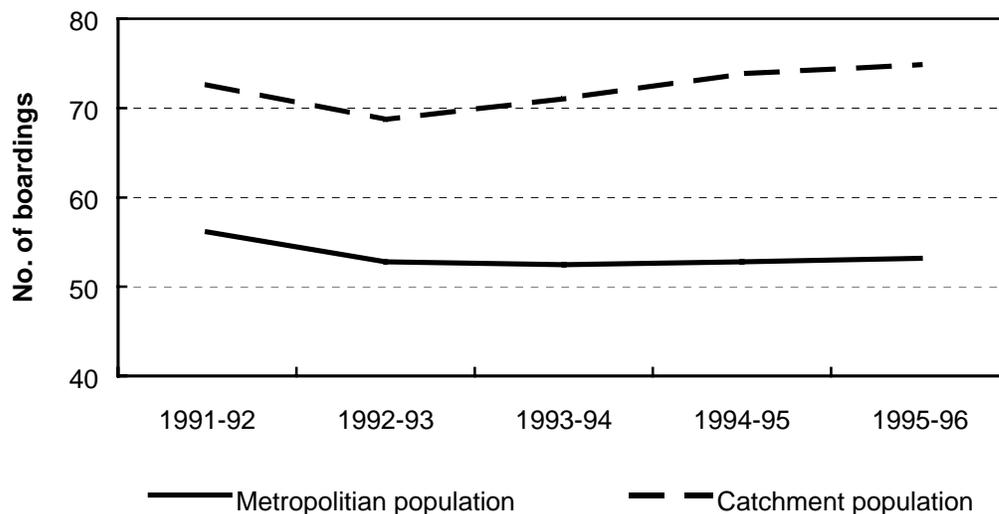
The Secretariat estimated Westrail's (urban) price index. Unpublished estimates of customer revenue were provided by Public Transport Corporation and Queensland Rail. Separate financial information for their urban transport operations is not available.

5.4 Patronage and service quality

Boardings per head of population is an indicator of the use of urban transport services by potential customers. It is calculated for both metropolitan and catchment populations.¹³ The 'catchment' measure indicates the extent to which patronage is changing in urban areas serviced by public transport. The 'metropolitan' measure broadly shows the degree to which urban transport authorities are responding to changing urban transport needs over time. If population densities within city areas change, there may be a long delay before the mix of transport services is changed in response to the new circumstances.

¹³ Data from the Australian Bureau of Statistics are used for metropolitan and catchment populations. Catchment populations are located along public transport corridors.

Figure 5.4 Average boardings per head of population (annual)



Notes *Average boardings per head of population (metropolitan and catchment)* is calculated as the weighted average of the individual measures, with weights corresponding to each GTE's share of total passenger boardings.

Excludes Queensland Rail, the Public Transport Corporation (buses) and Westrail (urban) (information not provided) and MetroBus (information only provided for metropolitan population).

For the metropolitan area annual boardings per head of population stood at 53.2 in 1995–96, up slightly from 52.8 in 1994–95 (see Figure 5.4). Over the period, the State Transit Authority (buses) (NSW) had the greatest increase in patronage with annual boardings per head (metropolitan) increasing to 47.5 from 45.4 per cent in 1994–95 (see Table 5A.5).

In 1995–96, the Public Transport Corporation (Victoria) also had an increase in patronage of its train (urban) and tram services, with increases in annual boardings per head (metropolitan) of 2.7 and 4.3 per cent respectively. TransAdelaide had a significant fall in patronage, with boardings per head (metropolitan) falling 8.8 per cent to 52.8 (see Table 5A.5). However, this fall in patronage reflects the transfer of a number of services to other operators as a result of the competitive tendering process. Industrial action by teachers during February, March and May 1996 also had a negative impact on patronage — a third of TransAdelaide's passengers are students.

Since 1991–92, patronage in the metropolitan area has fallen 5.3 per cent. However, there are signs that the long-term decline in patronage has slowed. Since 1992–93, annual boardings (metropolitan) per head of population have remained relatively stable, fluctuating between 52.5 in 1993–94 and 53.2 in

1995–96. Over the five year period, most GTEs recorded a fall in annual boardings (metropolitan) per head of population, with Brisbane Transport, and the State Transit Authority (buses) (NSW) reporting increases.

In 1995–96, boardings per head of population (catchment) increased 1.4 per cent to 74.9 (see Figure 5.4). The State Transit Authority (NSW) had a fall in patronage for its ferry services, with boardings per head (catchment) falling 5.6 per cent to 127. In the case of the Metropolitan Transport Trust (Tasmania), boardings per head (catchment) fell 2.1 per cent (see Table 5A.6).

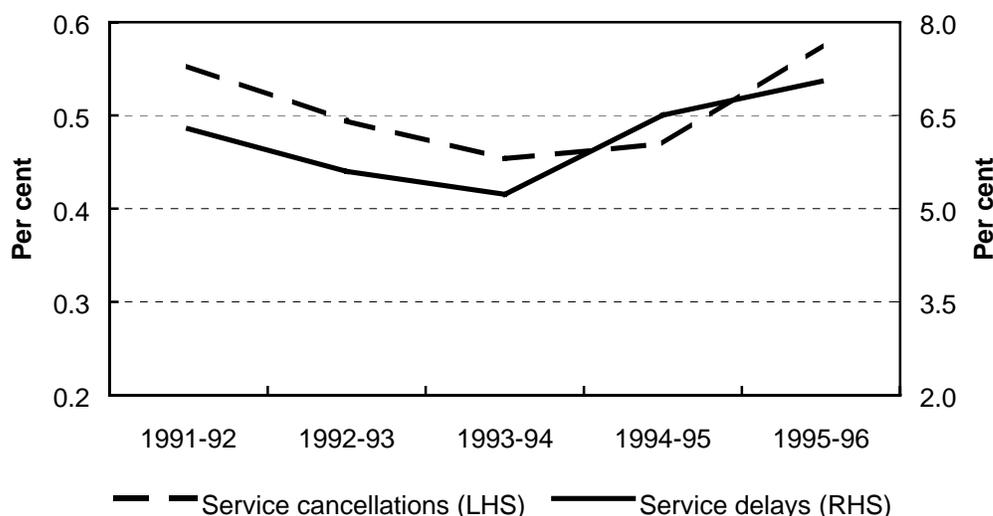
Since 1991–92, boardings per head (catchment) have risen 3.1 per cent. Since 1991–92 most GTEs recorded falls in boardings per head (catchment). However, Brisbane Transport, the State Rail Authority (urban rail operations) (NSW), the State Transit Authority (buses and Newcastle Services) had increases ranging from 3.2 to 9.6 per cent. These GTEs account for 55 per cent of total passenger boardings.

A number of urban transport GTEs did not provide the Secretariat with sufficient information about service delays and cancellations. This makes it difficult to make meaningful comments on the issue of service quality. Only limited comparisons can be made between those GTEs which did provide the necessary information. Moreover, it is possible that those GTEs providing information may have outperformed those that have not.

On the basis of the limited information available there was an increase in service cancellations to 0.57 per cent in 1995–96 (0.47 per cent in 1994–5) (see Figure 5.5). The authorities included in Figure 5.5 represent 76 per cent of total passenger boardings. Over the period MetroBus (Western Australia) and Queensland Rail reported the highest proportion of service cancellations (0.90 per cent). In the case of Metrobus, most of the service cancellations were as a result of industrial action by bus drivers during the year — cancellations for other reasons remained at levels consistent with previous years. State Transit Authority (Newcastle Services) and Westrail reported the lowest proportion of service cancellations with 0.04 and 0.20 per cent respectively (see Table 5A.7).

Over the five year period, there has been a slight deterioration with the proportion of service cancellations increasing from 0.55 per cent in 1991–92 to 0.57 per cent in 1995–96.

Figure 5.5 Service delays and cancellations on urban transport services



Notes Average service delays and cancellations are calculated as the weighted average of the individual measures, with weights corresponding to each GTE's share of total passenger boardings.

Excludes Brisbane Transport, Public Transport Corporation (buses and trams), Metropolitan Transport Trust, and TransAdelaide because of inadequate information.

In 1995–96, the proportion of scheduled service delays increased to 7.1 per cent (6.5 per cent in 1994–95) (see Figure 5.5). ACTION (ACT) reported no scheduled service delays and MetroBus (Western Australia) reported service delays of 0.1 per cent. In contrast, Queensland Rail (urban rail operations) reported service delays of 27.6 per cent — service reliability has been affected by major network upgrading. The State Rail Authority (urban rail operations) (NSW) and the State Transit Authority (Newcastle Services) reported scheduled service delays of 10.2 and 7.2 per cent respectively (see Table 5A.8).

Over the five year period, scheduled service delays have increased from 6.29 per cent in 1991–92 to 7.05 per cent in 1995–96. Queensland Rail (urban rail operations), the State Rail Authority (urban rail operations) (NSW), the State Transit Authority (ferries) (NSW) and Westrail (urban rail operations) reported increases in service delays (see Table 5A.8).

Appendix 5A Data

Table 5A.1 Cost recovery, customer revenue (per cent)

<i>GTE</i>	<i>1991–92</i>	<i>1992–93</i>	<i>1993–94</i>	<i>1994–95</i>	<i>1995–96</i>
ACTION	21.6	30.3	28.6	31.5	30.1
Brisbane Transport	52.8	49.5	47.7	59.3	55.2
MetroBus	21.0	20.0	23.5	27.4	49.3
Metropolitan Transport Trust	28.7	28.3	26.9	28.8	27.4
State Transit Authority	39.1	47.9	47.5	60.2	53.9
TransAdelaide	27.4	29.2	27.0	29.4	24.7
Public Transport Corporation (urban)	35.8	33.8	33.1	37.4	44.6
State Rail Authority (urban rail operations)	36.8	33.7	33.3	34.3	31.2
Queensland Rail (urban rail operations)	n.a	n.a	n.a	n.a	n.a
All	34.9	34.2	33.7	37.9	37.6

Notes *Cost recovery (customer revenue)* is calculated as *total industry cash box and other non government revenue* minus *total industry investment income* divided by *industry expenses*.

Estimates provided to the Secretariat are used for the Public Transport Corporation, Queensland Rail and the State Rail Authority. These GTEs do not provide separate financial data for their urban transport operations.

Excludes Westrail.

n.a not available

Table 5A.2 Cost recovery, total (per cent)

<i>GTE</i>	<i>1991–92</i>	<i>1992–93</i>	<i>1993–94</i>	<i>1994–95</i>	<i>1995–96</i>
ACTION	33.8	41.9	58.5	61.2	56.4
Brisbane Transport	54.3	49.5	47.8	59.3	55.1
MetroBus	61.2	63.3	64.9	64.5	50.6
Metropolitan Transport Trust	35.3	37.8	46.4	50.4	48.8
State Transit Authority	116.6	103.3	104.0	111.5	102.8
TransAdelaide	43.5	42.4	38.5	41.3	38.4
Public Transport Corporation (urban)	39.3	37.1	37.2	41.8	49.7
State Rail Authority (urban rail operations)	62.0	60.0	60.5	61.9	55.3
Queensland Rail (urban rail operations)	n.a	n.a	n.a	n.a	n.a
All	59.0	54.7	56.1	58.8	56.3

Notes *Total cost recovery* is calculated as total industry revenue for operations divided by industry expenses from operations. Operating revenue excludes government payments to cover operating deficits.

Estimates provided to the Secretariat are used for the Public Transport Corporation, Queensland Rail and the State Rail Authority. These GTEs do not provide separate financial data for their urban transport operations.

Excludes Westrail.

n.a not available

Table 5A.3 Return on assets (per cent)

<i>GTE</i>	<i>1991–92</i>	<i>1992–93</i>	<i>1993–94</i>	<i>1994–95</i>	<i>1995–96</i>
ACTION	0.0	7.2	11.1	8.0	3.8
Brisbane Transport	6.3	6.4	1.4	5.3	10.1
MetroBus	2.4	11.3	15.0	14.1	-26.9
Metropolitan Transport Trust	2.6	3.4	2.8	0.5	-1.4
State Transit Authority	14.7	3.3	4.5	10.8	3.6
TransAdelaide	6.6	7.4	5.2	7.0	5.7
All	7.8	6.5	6.4	8.5	2.1

Notes *Average return on assets* is calculated as *industry aggregate earnings before interest and tax* (EBIT) excluding abnormal items divided by *average total assets*. EBIT includes government payments to fund operating deficits.

Excludes the Public Transport Corporation, Queensland Rail, the State Rail Authority and Westrail, separate information on urban transport operations is not available for these GTEs.

Table 5A.4 Real price index (1991–92=100)

<i>GTE</i>	1991–92	1992–93	1993–94	1994–95	1995–96
ACTION	100.0	104.4	110.0	109.4	110.4
Brisbane Transport	100.0	97.9	96.8	92.6	89.6
Metropolitan Transport Trust	100.0	99.5	99.4	108.9	108.6
Public Transport Corporation	100.0	106.2	108.8	106.1	106.0
Queensland Rail	100.0	101.3	104.1	103.8	97.2
State Rail Authority	100.0	104.0	104.8	103.8	104.9
State Transit Authority	100.0	103.8	104.6	102.8	101.0
Westrail	100.0	109.3	107.5	107.6	111.2
TransAdelaide	100.0	112.9	106.9	89.4	92.4
Industry average	100.0	105.2	107.1	104.5	102.7

Notes The *average real price index* is calculated by weighting each GTE's price index by its share of customer revenue (cash box and other non-government revenue minus investment income). In the case of Westrail, passenger revenue is used.

Excludes MetroBus because of inconsistencies in their real price index associated with the restructuring of their operations in 1994–95.

The Secretariat estimated Westrail's (urban) price index. Unpublished estimates of customer revenue were provided by Public Transport Corporation and Queensland Rail. Separate financial information for their urban transport operations is not available.

Table 5A.5 Boardings per head of population, metropolitan (number of boardings)

<i>GTE</i>	1991–92	1992–93	1993–94	1994–95	1995–96
ACTION	84.5	80.2	78.8	78.8	78.3
Brisbane Transport	57.6	53.8	55.3	60.6	61.0
Metropolitan Transport Trust	46.6	45.8	43.9	43.9	43.1
Public Transport Corporation (trams)	37.1	33.1	33.8	34.9	36.4
Public Transport Corporation (trains)	36.1	34.8	32.8	33.9	34.8
State Rail Authority (urban)	74.1	69.5	68.8	68.1	68.5
State Transit Authority (buses)	46.0	44.6	44.7	45.4	47.5
State Transit Authority (ferries)	3.5	3.4	3.5	3.6	3.4
State Transit Authority (Newcastle services)	49.2	49.4	49.1	51.1	50.9
TransAdelaide	67.4	61.4	60.9	57.9	52.8
Industry average	56.2	52.8	52.5	52.8	53.2

Notes *Average boardings per head of population (metropolitan)* is calculated as the weighted average of the individual measures, with weights corresponding to each GTE's share of total passenger boardings.

Excludes Queensland Rail, the public Transport Corporation (buses) and Westrail (urban) (information not provided) and MetroBus (information only provided for metropolitan population).

Table 5A.6 Boardings per head of population, catchment (number of boardings)

<i>GTE</i>	1991–92	1992–93	1993–94	1994–95	1995–96
ACTION	84.5	80.2	78.8	78.8	78.3
Brisbane Transport	57.6	66.8	55.3	60.6	61.0
Metropolitan Transport Trust	51.5	50.7	48.6	48.6	47.6
Public Transport Corporation (trams)	39.7	35.4	36.1	37.3	38.8
Public Transport Corporation (trains)	38.6	37.2	35.1	36.2	37.2
State Rail Authority (urban)	92.6	86.7	93.8	100.8	101.5
State Transit Authority (buses)	99.0	95.9	96.2	97.7	102.2
State Transit Authority (ferries)	129.8	125.2	130.7	133.8	127.0
State Transit Authority (Newcastle services)	58.1	58.3	57.9	60.3	60.0
TransAdelaide	68.3	62.3	61.7	58.7	53.6
Industry average	72.6	68.7	71.1	73.8	74.9

Notes *Average boardings per head of population (catchment)* is calculated as the weighted average of the individual measures, with weights corresponding to each GTE's share of total passenger boardings.

Excludes Queensland Rail, the public Transport Corporation (buses) and Westrail (urban) (information not provided) and MetroBus (information only provided for metropolitan population).

Table 5A.7 Service cancellations (per cent)

<i>GTE</i>	1991–92	1992–93	1993–94	1994–95	1995–96
ACTION	1.5	0.3	1.2	0.6	0.5
MetroBus ^a	0.1	0.1	0.1	0.1	0.9
Public Transport Corporation (urban rail)	1.0	0.6	0.3	0.5	0.5
State Rail Authority (urban rail operations)	0.6	0.5	0.7	0.7	0.7
Queensland Rail (urban rail operations)	0.3	0.2	0.3	0.4	0.9
State Transit Authority (buses)	0.1	0.7	0.2	0.2	0.3
State Transit Authority (ferries)	3.9	0.3	0.4	0.5	0.9
State Transit Authority (Newcastle services)	0.0	0.0	0.0	0.0	0.0
Westrail (urban rail operations)	0.3	0.4	0.4	0.3	0.2
Industry average	0.6	0.5	0.5	0.5	0.6

Notes *Average service cancellations* is calculated as the weighted average of the individual measures, with weights corresponding to each GTE's share of total passenger boardings.

Excludes Brisbane Transport, Public Transport Corporation (buses and trams), Metropolitan Transport Trust, Queensland Rail and TransAdelaide because of inadequate information.

a 1995–96 figure substantially higher than previous years as a result of industrial action by drivers.

Table 5A.8 Service delays (per cent)

<i>GTE</i>	<i>1991–92</i>	<i>1992–93</i>	<i>1993–94</i>	<i>1994–95</i>	<i>1995–96</i>
ACTION	0.0	0.0	0.1	0.0	0.0
MetroBus	0.1	0.1	0.2	0.2	0.1
Public Transport Corporation (urban rail)	9.0	8.7	7.7	7.7	6.7
Queensland Rail (urban rail operations)	15.8	12.9	14.4	28.4	27.6
State Rail Authority	8.9	7.4	7.1	8.3	10.2
State Transit Authority (buses)	0.7	1.5	0.4	0.6	0.5
State Transit Authority (ferries)	0.3	0.0	0.3	0.4	0.5
State Transit Authority (Newcastle services)	8.2	7.5	6.9	7.9	7.2
Westrail (urban rail operations)	5.8	4.3	6.7	5.6	4.8
All	6.3	5.6	5.2	6.5	7.0

Notes *Average service delays* is calculated as the weighted average of the individual measures, with weights corresponding to each GTE's share of total passenger boardings.

Excludes Brisbane Transport, Public Transport Corporation (buses and trams), Metropolitan Transport Trust, Queensland Rail and TransAdelaide because of inadequate information.

6 RAILWAYS

Key results 1995–96

- **Cost recovery from customers remained stable and total cost recovery rose to 90 per cent.**

Cost recovery from customers remained fairly stable at 67.3 per cent (67 per cent in 1994–95), while total cost recovery, based on operating revenue, rose to 90 per cent (83 per cent in 1994–95). Operating revenue includes CSO payments by governments.

- **Return on assets remained negative.**

Return on assets was minus 3.6 per cent (minus 2.5 per cent in 1994–95). However, most rail GTEs value their assets on an historical cost basis making it difficult to make robust comparisons over time.

- **Real prices fell across the freight and urban passenger segments but rose in the non-urban passenger segment.**

Overall, average prices fell 3 per cent over the year — the result of falls in freight rates (4 per cent) and urban passenger fares (3 per cent). In contrast, there was an increase in non-urban fares of 4 per cent.

- **The reliability of freight services improved significantly, but the reliability of urban passenger rail services deteriorated.**

81 per cent of rail freight services ran on-time (59 per cent in 1994–95). On-time running was 87 per cent for urban passenger services (90 per cent in 1994–95).

Over recent years, jurisdictions have instituted a number of reforms aimed at improving the performance of rail GTEs and increasing their commercial focus. The stronger commercial focus has prompted some GTEs to rationalise services, the Public Transport Corporation (Victoria), for example, has replaced some country passenger services with coach services and franchised two to private operators. Other authorities have introduced new services and initiatives aimed

at improving system efficiencies, including the introduction of driver-only trains and electronic ticketing.

The structural and administrative reforms being implemented currently are driven by the recognition that separation of above and below rail operations should increase the scope for competition. A number of rail GTEs now have arrangements in place aimed at ensuring effective third party access to the services generated by rail infrastructure.

The performance of individual GTEs and the sector as a whole has and will continue to be affected by these reforms.

6.1 Industry structure

Seven authorities provide rail transport services within Australia. Six authorities are covered in this chapter — TransAdelaide only provides urban passenger services and is discussed in Chapter 5. They vary significantly in their size and the range of freight, urban and non-urban services they provide (see Table 6.1).

In 1995–96, rail GTEs generated a total of \$4.93 billion in operating revenue and controlled assets valued at \$25.5 billion.¹ Queensland Rail and the State Rail Authority (NSW) are the largest, accounting for 37 and 31 per cent, respectively, of total operating revenue. The State Rail Authority controls 49 per cent of industry assets, with Queensland Rail controlling 23 per cent.

In 1995–96 rail GTEs employed almost 48 000 persons (over 51 000 in 1994–95).² Over the last 5 years employment has fallen by 31 per cent. Most are employed in the provision of freight services (26 200), followed by urban passenger services (16 700) and non-urban passenger services (4 500). The State Rail Authority (NSW) and Queensland Rail are the largest employers, accounting for 42 and 30 per cent of total industry employment. The Public Transport Corporation (Victoria) accounts for 15 per cent of total industry employment.

1 Operating revenue excludes abnormal revenue, investment income and receipts from governments to cover operating deficits.

2 Full time equivalent staff.

Table 6.1 Activities of monitored GTEs in the rail industry, 1995–96

<i>GTE</i>	<i>Activity</i>			
	<i>Urban passenger</i>	<i>Non-urban passenger</i>	<i>Intrastate freight</i>	<i>Interstate freight</i>
State Rail Authority (NSW)	✓	✓	✓	
Public Transport Corporation ^a (Vic)	✓	✓	✓	✓
Queensland Rail (Qld) ^b	✓	✓	✓	
Westrail (WA)	✓	✓	✓	
Australian National Railways Commission (Commonwealth) ^c		✓	✓	
TransAdelaide (SA)	✓			
National Rail Corporation (Commonwealth, NSW, Vic)				✓

a The Public Transport Corporation operates a small number of grain freight services in the border regions of eastern South Australia and southern New South Wales.

b Transperth contracts Westrail to provide urban rail services in the metropolitan Perth.

c Australian National provides intrastate freight services within South Australia and Tasmania. Its business operations have changed significantly since the establishment of National Rail. In particular, maintenance and contract work is now one of its main sources of revenue. It remains involved in interstate freight through its track operations and minor services to Kalgoorlie.

Rail freight services generated \$2.8 billion in freight revenue and rail authorities operated a total of 63.5 million net freight-tonne kilometres in 1995–96.³ The State Rail Authority (NSW) and Queensland Rail dominate this segment of operations, accounting for 47 and 19 per cent of total freight revenue, respectively. Rail freight provides services mainly to the mining and agricultural industries.

Urban passenger services recorded just over 420 million passenger boardings, generating \$640 million in passenger revenue in 1995–96.⁴ The State Rail Authority (CityRail) of NSW accounted for 66 per cent of total passenger revenue and 61 per cent of total passenger boardings. The Public Transport Corporation accounted for 22 per cent of passenger revenue and 26 per cent of total passenger boardings.

3 Freight revenue includes all revenue earned from freight operations. Excludes property rentals, asset sales, advertising and investment income, and all government revenue for community service obligations and deficit funding.

4 Passenger revenue includes all revenue earned from urban passenger operations including government compensation for fare concessions. Excludes property rentals, assets sales, advertising and investment income, and government revenue for other community service obligations and deficit funding.

The non-urban passenger task was over 2.2 billion passenger kilometres, earning over \$270 million in 1995–96.⁵ The State Rail Authority (CountryLink) of NSW again dominated this segment, accounting for 46 per cent of total non-urban passenger revenue and 43 per cent of total passenger kilometres.

6.2 Key policy initiatives

Over the last five years, a number of rail GTEs have undergone significant restructuring. All the rail GTEs have separate business units relating to their core services. Within the Public Transport Corporation, for example, each unit manages its own finances, human resources, planning, commercial development, safety, product development, service delivery and marketing.

A number of rail services, particularly in country Victoria have been rationalised and replaced with road coach services. Commercial imperatives have also contributed to greater private involvement in the provision of non-core services, with a number of GTEs contracting out cleaning and maintenance (see Table 6.2 for recent policy initiatives affecting rail GTEs).

Corporatisation and restructuring

Queensland Rail was corporatised in 1995–96. It is now subject to a tax-equivalent payment scheme and receives explicit funding for CSOs. Queensland Rail remains a fully integrated rail provider.

The State Rail Authority (NSW) underwent significant restructuring in 1995–1996. The restructure divided the State Rail Authority into four independent businesses. The Rail Access Corporation (RAC), as owner of the rail infrastructure, is responsible for managing and establishing the State's rail infrastructure and for providing access to rail operators to the network. The Railway Services Authority is responsible for the maintenance of rail infrastructure (including the rolling stock) under contract with the other rail entities. The Freight Rail Corporation provides freight services throughout NSW and owns and maintains its own rolling stock and locomotives. City and country passenger services are now provided by a new State Rail Authority, which is also responsible for train control under contract to the RAC.

5 The figure for passenger kilometres excludes the Public Transport Corporation as this was not provided for 1995–96. Non-urban passenger revenue includes all revenue from non-urban passenger operations including government compensation for fare concessions. Excludes property rentals, assets sales, advertising and investment income, and government revenue for other community service obligations and deficit funding.

Table 6.2 Reform initiatives affecting the rail industry, 1991–92 to 1995–96

<i>Jurisdiction</i>	<i>Date</i>	<i>Nature of reform or policy initiative</i>
New South Wales	1993–94	<p>The State Rail Authority began single corridor management of the Brisbane to Melbourne passenger route.</p> <p>Introduction of separate financial structures, balance sheets and transfer pricing arrangements for State Rail Authority business groups.</p> <p>Contracting out of revenue collection and maintenance of CityRail automatic ticketing machines.</p> <p>Leasing arrangements introduced for new rolling stock and locomotives, owned and maintained by private firms.</p>
	1994–95	<p>Non-core functions of the State Rail Authority’s business groups transferred to Rail Services Group. These include construction and maintenance of tracks and signals, and maintenance of locomotives and rolling stock.</p>
	1995–96	<p>The Transport Administration Amendment Bill was passed by Parliament in June, 1996. The legislation creates an open access regime in NSW allowing accredited operators (both public and private) to obtain access to the NSW rail network.</p> <p>The Bill established the Public Transport Authority, an advisory body responsible for providing the NSW government with advice and suggestions on improvement of public transport facilities</p> <p>The Bill allowed the State Rail Authority to be restructured into four independent entities. The Rail Access Corporation (RAC) owns and manages the State’s rail infrastructure facilities. The RAC also negotiates access to the rail infrastructure. The Rail Services Authority is responsible for maintaining the rail infrastructure facilities through negotiated contracts with the other rail entities. The Freight Rail Corporation provides freight services and a new State Rail Authority provides urban and non-urban passenger services.</p>
	Ongoing	<p>Outsourcing and introduction of competition to selected internal areas within State Rail Authority.</p>
Victoria	1993–95	<p>Removal of restrictions applying to the transport by road of bulk oil, minor bulk commodities, timber, cement and briquettes.</p>
	1993–94	<p>The Public Transport Corporation continued the introduction of driver-only trains for suburban and country passenger and freight services.</p>

Table 6.2 Reform initiatives affecting the rail industry, 1991–92 to 1995–96 (continued)

<i>Jurisdiction</i>	<i>Date</i>	<i>Nature of reform or policy initiative</i>
Queensland	1993–94	Review of the Government’s export coal royalty–rail haulage policy, resulting in a phased removal of ‘de-facto’ royalties collected through rail freight rates to be completed by 2000. Collections of ‘de-facto’ royalties will be reimbursed to Government. Transparent funding of CSOs introduced.
	1994–96	Introduction of two-driver and driver-only operations throughout Queensland.
	1995–96	Queensland Rail corporatised, becoming subject to a tax equivalent regime and receiving explicit funding for CSOs. Network access unit established, independent of existing business groups, responsible for all dealings with third party operators and the development of organisational policy.
Western Australia	1992–93	Transport of bulk fuels, minor bulks and timber deregulated.
	1994–95	Corporatisation of Westrail abandoned in favour of financial reforms under the ‘Right Track’ program. Planned financial reforms include the explicit funding of all CSOs associated with passenger services, reduced debt and the introduction of a tax equivalent regime. Transport of major bulk ore, mineral and woodchip traffics deregulated.
	1995–96	Financial reform package agreed to with Treasury. The package covers explicit compensation for CSOs, payments of past superannuation liabilities, the reduction of debt through a land rationalisation sales program, and the introduction of tax-equivalent and dividend payments.
Commonwealth	1991–92	National Rail Corporation established with the Commonwealth, New South Wales and Victorian governments as shareholders.
	1993–95	Australian National interstate freight business transferred to National Railway Corporation. Contract revenue (including maintenance and construction services for other Rail GTEs and third party operators) became the major source of revenue for Australian National.
	1995–96	Arrangements for access by third parties to Australian National’s interstate track finalised.
	1992–93	Australian National began single corridor management of the Sydney to Perth passenger route (the Indian-Pacific).

Other GTEs have continued with programs of outsourcing non-core services. In 1995–96, Westrail outsourced the cleaning and maintenance of its country passenger road coach fleet and the National Rail Corporation has outsourced the reconditioning and preventative maintenance of its wagons.

Access arrangements

There is little scope for competition between rail authorities because the markets they operate in are geographically determined by the infrastructure they own. The cost of developing, building and maintaining the infrastructure necessary to provide rail services acts as a strong deterrent to potential entrants. Third party access to rail infrastructure increases the scope for competition in above rail services.

During 1995–96, Queensland Rail and the State Rail Authority (NSW) finalised their approaches to third party access. In NSW the RAC is responsible for negotiating use of the track by rail operators. The RAC is independent of the other businesses established following the restructure of the State Rail Authority.

In contrast, the Queensland Government has chosen to maintain Queensland Rail as a fully integrated rail provider, establishing a separate business unit (within Queensland Rail) to deal with access issues. The Network Access Unit, as it is known, is responsible for all dealings and negotiations with third party operators and the development of associated organisational policy. Queensland Rail has put in place accounting arrangements to separately identify network infrastructure costs and operating costs. This is intended to ensure that third party operators and internal business groups are treated equally for the purposes of access pricing.

An independent business unit within Australian National, Track Access, is responsible for network capacity planning, train control, infrastructure management, track safety and access planning and negotiations. Rail infrastructure under its control stretches from the eastern States to Western Australia and the Northern Territory. In Victoria, the Department of Infrastructure is responsible for negotiating the terms of access to the Victorian rail network.

During the year, the National Rail Corporation negotiated rail access agreements with Westrail and Australian National. Two private operators, Specialised Container Transport (SCT) and TNT, negotiated access to rail infrastructure across the Melbourne to Adelaide to Perth corridor in 1995–96, and began providing freight services in direct competition with the National Rail Corporation.

6.3 Financial Performance

Apart from the changes in the industry structure (as noted above), there are two other factors that should be taken into account when assessing performance. First, the methods of valuing assets differ between rail GTEs. The largest authorities, State Rail Authority (NSW) and Queensland Rail, value most of their assets at current cost (using deprival value methods). All other rail authorities use historical cost.

Second, rail provides economic and social benefits to the community over and above the direct benefits purchased by the users of public transport services. These benefits include reduced pollution, road congestion and damage, and greater mobility and access for disadvantaged groups.

Traditionally, these benefits have been implicitly acknowledged by owner governments and paid for by funding the authorities' operating deficits. However, many governments now make specific payments to their rail authorities to account for the social benefits of rail transport.

The State Rail Authority (NSW) and Queensland Rail receive explicit community service obligation (CSO) payments.⁶ Performance comparisons across the industry are difficult because other rail authorities do not receive explicitly measured CSO payments. For example, the Public Transport Corporation receives payments from the Victorian Government to fund general operating deficits. They are general payments made to assist in meeting a number of identified, though not explicitly measured CSOs — including the provision of affordable freight and passenger services, improved access to disadvantaged groups, reduced road congestion and air pollution. In addition to payments for reimbursement for concessional fares on its passenger operations, Australian National also receives payments to supplement its revenue, but these are not identified as reimbursement for a CSO.

There are differences in the definition and level of CSO payments. For example, the State Rail Authority (NSW) receives CSO payments for freight and passenger services.⁷ The payments for freight cover expenditure incurred in operating the portion of the freight network which is not commercially viable. CSO payments to the State Rail Authority for passenger services are made to

6 A Community Service Obligation arises when a government specifically requires a public enterprise to carry out activities relating to outputs or inputs which it would not elect to do on a commercial basis, and which the government does not require other businesses to generally undertake, or which it would only do commercially at higher prices. (SCNMPGTE, 1994a, p. xi).

7 The State Rail Authority calls these payments Social Program payments.

improve community mobility and to promote an optimum balance between private and public transport. Payments include reimbursements for revenue foregone as a result of fare reductions to selected community groups and the cost of providing services beyond levels which would be provided in a commercial environment.

In contrast, CSO payments to Queensland Rail include reimbursement for any operating shortfall (after depreciation) plus a rate of return on assets employed.⁸ Amounts received from various Queensland government departments as reimbursement for concessions provided to senior citizens, pensioners and school children, are recorded as sales revenue. Queensland Rail receives CSO payments in respect of its passenger services (Citytrain, Traveltrain and the Brisbane to border portion of interstate services) and some freight services (low volume routes and Q-Link operations). Australian National receives supplements for track maintenance, track access and passenger services.

Cost recovery

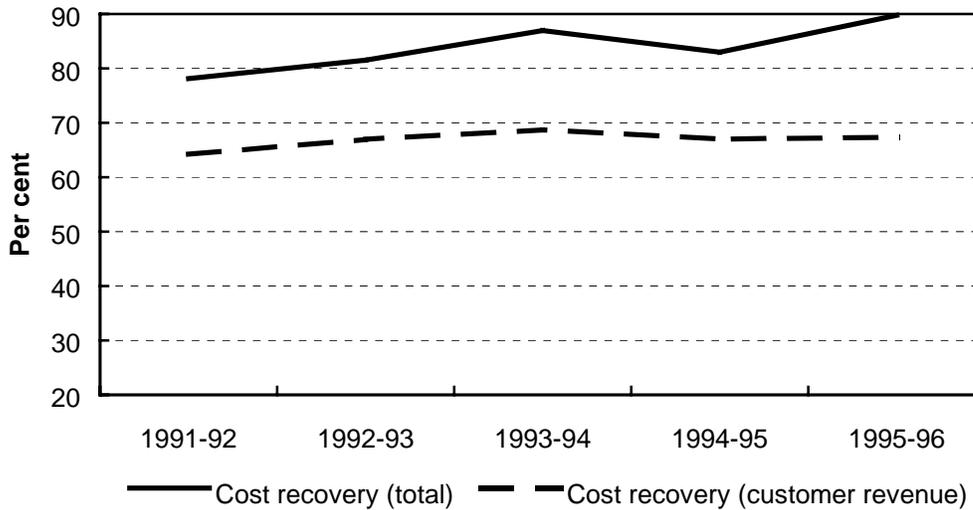
The cost recovery ratio provides a useful indicator of profitability for businesses such as rail authorities, many of which consistently make losses.

Cost recovery for the rail sector is calculated using two different revenue figures. One is *customer revenue*, that is, all revenue such as fares and advertising from non-government sources. The other is *total operating revenue*, which comprises customer revenue plus all government funding for specifically agreed services (such as CSOs). Total operating revenue excludes payments by governments to cover operating deficits.

In 1995–96, cost recovery (customer revenue) remained stable at 67.3 per cent (67 per cent in 1994–95) (see Figure 6.1). Underlying this is an increase in customer revenue of 0.5 per cent (with most GTEs experiencing slight falls) and an increase in operating expenses of 0.7 per cent. Queensland Rail and the State Rail Authority (NSW) had increases in customer revenue of 1.1 and 4.3 per cent respectively. The Public Transport Corporation (Victoria) and the State Rail Authority achieved the lowest level of cost recovery (customer revenue) — 48 and 50 per cent respectively. Westrail achieved 142 per cent cost recovery (customer revenue) (see Table 6A.1).

⁸ The Queensland Government is currently reviewing the basis of CSOs paid to Queensland Rail.

Figure 6.1 Cost Recovery



Notes Unpublished estimates are used for the Public Transport Corporation (rail operations) for all years and for Queensland Rail prior to 1992-93. These were provided by the GTE concerned.

Total cost recovery is calculated as *total industry revenue from operations* divided by *industry expenses from operations*. Operating revenue excludes government payments to cover operating deficits.

Cost recovery (customer revenue) is calculated as *total industry cash-box and other non-government revenue* minus *total industry investment income* divided by *industry expenses from operations*.

Over the year, both Westrail and the Public Transport Corporation had significant falls in operating expenses, 17 and 18.5 per cent respectively. In the case of Westrail, the fall resulted from a decrease in costs associated with the National Rail Corporation running its own trains and a fall in labour costs (due to staff reductions via voluntary severance and natural attrition). These were partially offset by increases in fuel costs and in interest and depreciation associated with increased borrowings and additional assets. The fall in the operating costs of the Public Transport Corporation was largely associated with a decision by the Victorian Government to centralise unfunded superannuation liabilities — the 1995-96 figure therefore excludes an allowance for unfunded superannuation liabilities.

There were increases in operating expenses for the State Rail Authority (NSW) and the National Rail Corporation of 7.3 and 11.3 per cent respectively. In the case of the State Rail Authority, the rise resulted from an increase in superannuation expenses (associated with an actuarial review of the State Rail Authority's liability), higher amortisation and depreciation expenses on

additional fixed assets and additional costs incurred in planning and preparing for the restructure. The increase in the National Rail Corporation's operating cost is mainly the result of higher depreciation and amortisation expenses associated with the continued transfer of assets from other rail authorities.

Over the five year period, cost recovery (customer revenue) increased 4.8 per cent. Over this period operating expenses rose 13 per cent and customer revenue rose 13.4 per cent. The State Rail Authority (NSW) recorded an 18 per cent fall in cost recovery, largely due to a 28 per cent increase in operating expenses (mainly because of rising depreciation charges associated with a revaluation of the State Rail Authority's assets in 1994–95). Since 1992–93, cost recovery (customer revenue) has remained relatively stable between 67 and 69 per cent (see Table 6A.1).

In 1995–96, total cost recovery rose to 90 per cent, (83 per cent in 1994–95) (see Figure 6.1). This represents an 8 per cent increase in total cost recovery over the period. In 1995–96, operating revenue increased 9 per cent. Over the year, all rail GTEs with the exception of Australian National and the Public Transport Corporation (Victoria), had an increase in operating revenue. Queensland Rail had the most significant increase, with operating revenue rising 26 per cent, reflecting increases in sales revenue for all its operations (urban passenger, non-urban passenger and freight).

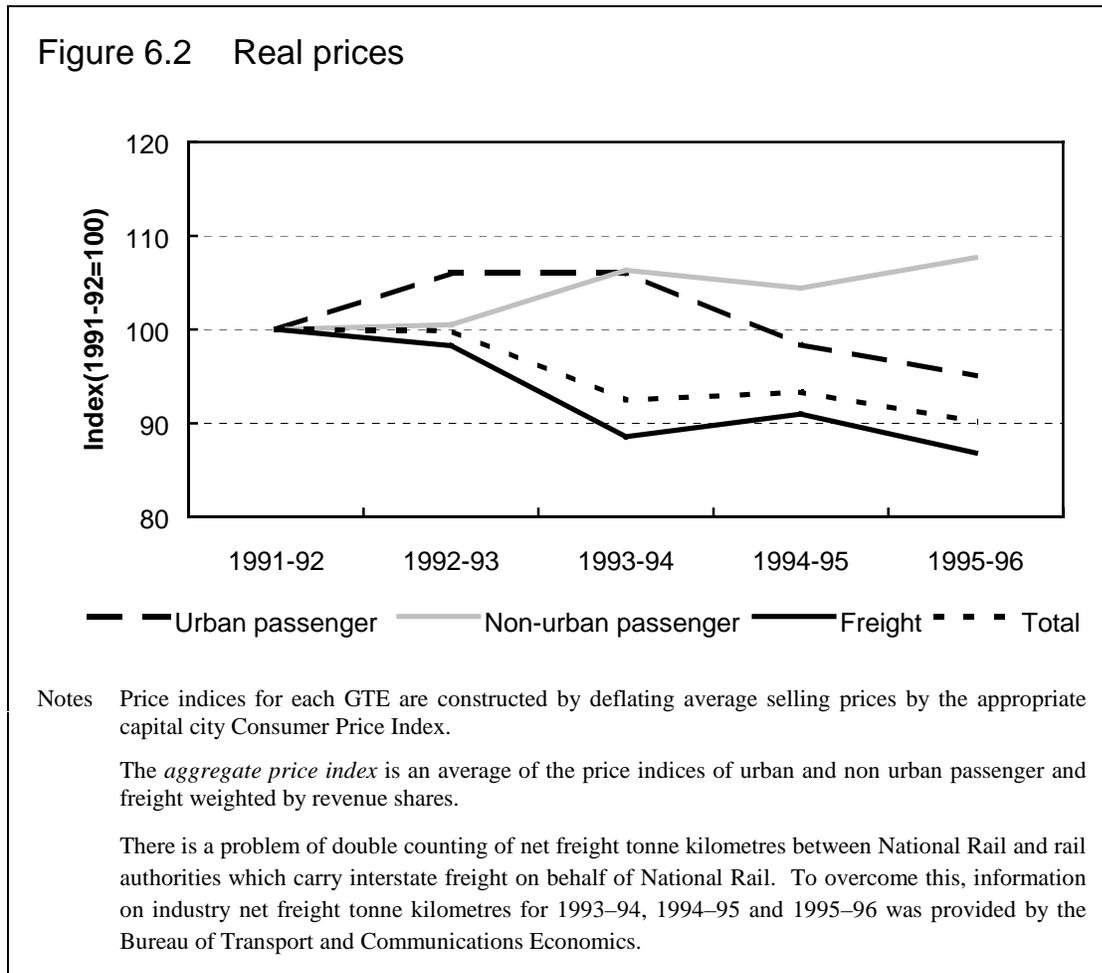
In 1995–96, Westrail and Queensland Rail recovered 157 and 142 per cent of costs respectively (see Table 6A.2). In Westrail's case, total cost recovery increased from 123 per cent in 1994–95, mainly as a result of the 17 per cent fall in operating expenses. In the case of Queensland Rail, total cost recovery increased from 111 per cent in 1994–1995, mainly as a result of the 26 per cent increase in operating revenue.

Since 1991–92, both Westrail and Queensland Rail have consistently achieved total cost recovery levels of over 100 per cent. In contrast, the State Rail Authority (NSW) and the Public Transport Corporation (Victoria), which operate the largest urban transport systems, recovered only 65 and 53 per cent, respectively, of operating costs in 1995–96.

Total cost recovery over the five year period increased 15 per cent from 78 per cent in 1991–92 to 90 per cent in 1995–96. This was associated with a 30 per cent increase in operating revenue and a 13 per cent fall in operating expenses. Over the period, Westrail showed the most improvement, with total cost recovery increasing by 35 per cent (see Table 6A.2). This was associated with a 21 per cent increase in operating revenue and a 10 per cent fall in operating expenses.

Prices

Average real prices for the sector fell 3 per cent in 1995–96, and have fallen by 10 per cent over the five year period (see Figure 6.2). The different segments within the industry continue to display differing trends.



Freight rates fell 4 per cent in 1995–96 and 13 per cent in real terms over the five year period. Changes in freight rates have the most significant impact on average prices for the sector because freight generates the majority of revenue. For most railways, freight rates fell in real terms, with Westrail having a significant fall of 12 per cent respectively. Over the five year period, Westrail had a 35 per cent fall in real freight rates (see Table 6A.4). The deregulation of freight transport in Western Australia has probably been a significant contributing factor to lower freight prices.

Urban passenger fares continued to fall in real terms during 1995–96 (3 per cent lower than 1994–95) and have fallen 5 per cent over the five year period. In 1995–96 all GTEs, with the exception of Westrail, had real falls in urban passenger fares. Over the five year period urban passenger fares have fallen between 0.2 per cent (Australian National) and 8 per cent (the State Rail Authority (NSW) and Westrail). Queensland Rail, on the other hand, had a 4 per cent increase in fares over the 5 year period (see Table 6A.5).

Non-urban passenger fares rose 4 per cent in 1995–96 and 8 per cent over the five year period, in real terms. In 1995–96, both Westrail and Queensland Rail had real falls in non-urban passenger fares. The Public Transport Corporation (Victoria), the State Rail Authority (NSW) and Australia National had real increases. Over the five year period, all GTEs with the exception of the State Rail Authority, had real increases in non urban passenger fares of between 1 (Westrail) and 10 per cent (Queensland Rail). Such increases in non-urban passenger fares may reflect moves by rail authorities to more commercial pricing policies aimed at improving cost recovery. For example, over the same 5 year period cost recovery (customer revenue) has increased by 13.4 per cent (see Table 6A.6).

Shareholders' returns

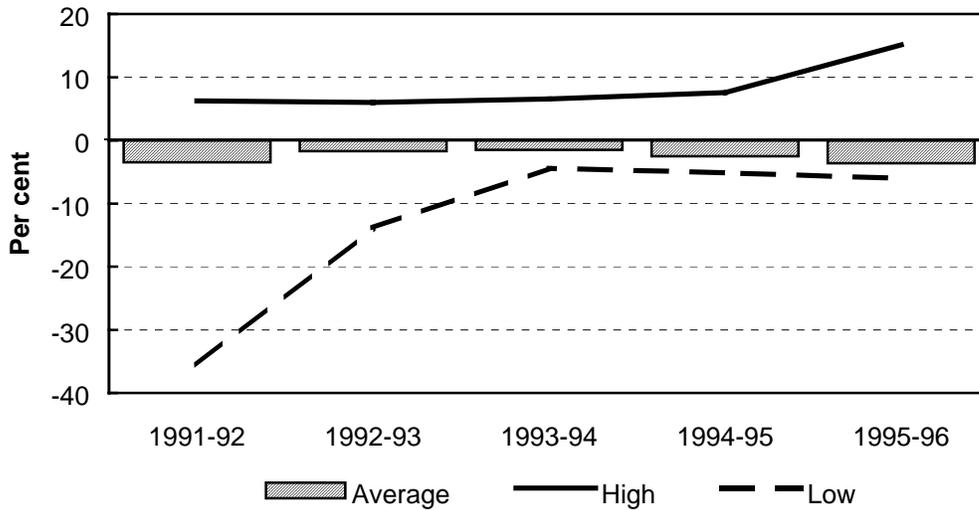
The calculation of return on assets includes payments by governments to fund operating deficits. This is excluded from revenue in the calculation of cost recovery reported in Figure 6.1.

Although the different methods of asset valuation employed by rail GTEs make rigorous analysis difficult, return on assets across the sector fell in 1995–96 to minus 3.6 per cent (see Figure 6.3). Average return on assets remained negative over the five year period to 1995–96. Earnings before interest and tax (EBIT) is \$300 million lower in 1995–96 than in 1994–95.⁹ Over the same period, average total assets rose 21 per cent reflecting both an increase in rail investment and a significant revaluation of the State Rail Authority's assets (in 1994–95). In 1995–96, Australian National devalued its assets to their expected recoverable amounts.¹⁰

9 Queensland Rail is excluded in the calculation of EBIT but is included in the calculation of total cost recovery in Figure 6.1. This explains the apparently contradictory result of an increase in total cost recovery and the significant fall in earnings.

10 Recoverable amount refers to the amount expected to be recovered from the future use of the assets and their subsequent disposal.

Figure 6.3 Return on assets



Notes Excludes Queensland Rail (incomplete time series).

Return on assets is the ratio of *earnings before interest and tax* (EBIT) (excluding abnormals) to *total average assets*.

EBIT includes government payments to fund operating deficits and excludes abnormal items.

Westrail has consistently achieved rates of return above the industry average (ranging from 6.24 per cent in 1991–92 to 15.12 per cent in 1995–96) — Westrail values its assets on an historical cost basis. National Rail has moved from a significantly negative position, well below the industry average, to a positive position above the industry average (ranging from minus 36 per cent in 1991–92 to 4.1 per cent in 1995–96). The State Rail Authority has shown little improvement over the period, falling from minus 3 per cent in 1991–92 to minus 6.1 per cent in 1995–96, largely as a result of asset revaluations (see Table 6A.7).

6.4 Service performance

Reliability is important to rail passengers and freight customers. To some it can be the overriding factor, especially for freight customers where rail is but one link in the transport chain and there may be significant costs associated with unreliability (for example inventory costs and a loss of sales or customers).

Information from a selection of authorities suggests that there continues to be some deterioration in the reliability of urban passenger services (see Figure 6.4).

For the sector as a whole, urban passenger services arrived within 3 minutes of schedule 87 per cent of the time in 1995–96, compared to 90 per cent in 1994–95. Westrail (95 per cent) and the Public Transport Corporation (Victoria) (93 per cent) performed relatively well. Due to a major construction program, Queensland Rail’s on-time running performance fell to 58.8 per cent.

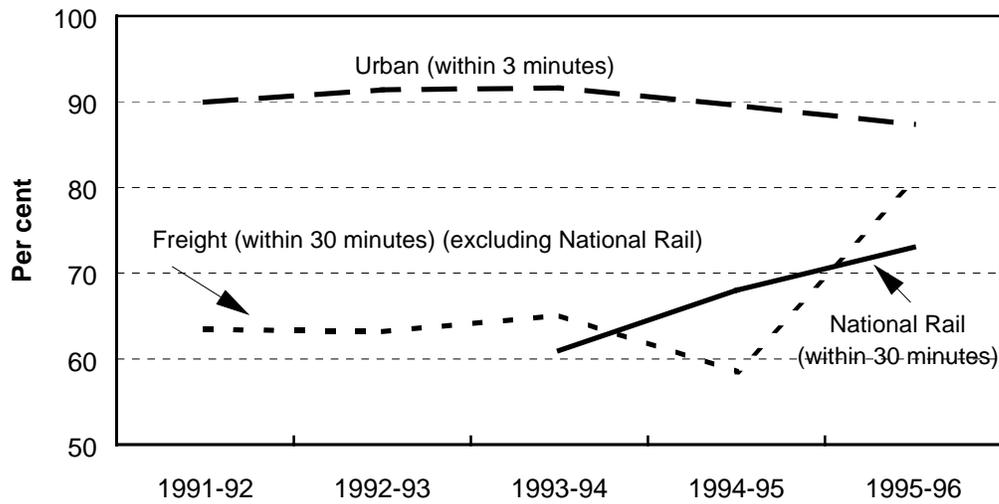
This continued deterioration in service quality is of some concern. Although the overall deterioration can in part be explained by Queensland Rail’s construction program, it is the deterioration in the State Rail Authority’s (NSW) performance in 1994–95 and 1995–96 which is having the greatest impact on the industry average (see Table 6A.8). The State Rail Authority is the largest provider of urban passenger services, accounting for 61 per cent of total industry urban passenger boardings since 1995–96. In 1995–96, Queensland Rail accounted for only 9 per cent of total urban passenger boardings.

For freight services, average on-time running (within 30 minutes) stood at 81 per cent (59 per cent in 1994–95), a 27 per cent increase over the five year period since 1991–92. This improvement is mainly due to Queensland Rail — 77 per cent in 1995–96 compared to 46 per cent in 1994–95 (see Table 6A.9). Queensland Rail’s improved performance is the result of the completion of bridge replacement and strengthening, between Brisbane and Cairns, under the Mainline Upgrade Project (begun in 1993).¹¹ Queensland Rail is the largest provider of freight services, accounting for 43 per cent of total net freight tonne kilometres, in 1995–96. Queensland Rail’s performance is still below that of the Public Transport Corporation (Victoria) (92 per cent) and the State Rail Authority (NSW) (89 per cent).

The National Rail Corporation has continued to improve the reliability of its freight services. In 1995–96, National Rail Corporation delivered freight services on-time 73 per cent of the time, a 20 per cent improvement over the three year period from 1993–94 (see Table 6A.9).

11 Travel time for freight services has been reduced by up to three hours.

Figure 6.4 On-time running



Notes Excludes Westrail freight operations (incomplete time series). National Rail reported separately (1993-94 first year of reporting). Information for the Public Transport Corporation relates to urban rail passenger services arriving within 5 minutes within schedule.

Industry on-time running (urban passenger services) is calculated as the sum of each GTE's measure weighted by its share of total urban passenger journeys.

Industry on-time running (freight services) is calculated as the sum of each GTE's measure weighted by its share of net freight tonne-kilometres.

Industry on-time running for non-urban passenger services is excluded due to inconsistencies in definitions across GTEs.

Appendix 6A Data

Table 6A.1 Cost recovery, customer revenue (per cent)

<i>GTE</i>	1991–92	1992–93	1993–94	1994–95	1995–96
Australian National Railways Commission	62.0	87.2	95.1	86.7	86.1
National Rail Corporation	6.9	80.9	98.1	100.2	92.7
Public Transport Corporation	37.1	35.9	41.3	40.5	48.1
Queensland Rail	n.a	108.5	90.3	91.8	93.7
State Rail Authority	58.3	60.8	62.0	50.7	47.5
Westrail	116.4	118.1	121.1	123.4	142.2
All	64.2	66.9	68.7	67.0	67.3

Notes *Cost recovery (customer revenue)* is calculated as *total industry cash-box and other non-government revenue* minus *total industry investment income* divided by *industry expenses from operations*.

Unpublished estimates are used for the Public Transport Corporation (rail operations).

n.a Not available

Table 6A.2 Total cost recovery (per cent)

<i>GTE</i>	1991–92	1992–93	1993–94	1994–95	1995–96
Australian National Railways Commission	62.0	87.2	95.1	92.4	77.0
National Rail Corporation	6.9	81.1	98.1	100.2	97.7
Public Transport Corporation	39.9	38.6	44.3	44.2	52.7
Queensland Rail	n.a	108.5	109.4	111.0	141.7
State Rail Authority	78.6	82.3	83.1	70.0	65.3
Westrail	116.4	118.1	121.1	123.4	156.7
All	78.1	81.5	87.0	83.0	89.8

Notes *Total cost recovery* is calculated as *total industry revenue from operations* divided by *industry expenses from operations*. Operating revenue excludes government payments to cover operating deficits.

Unpublished estimates are used for the Public Transport Corporation (rail operations) for all years.

n.a not available

Table 6A.3 Real price index, overall (1991–92=100)

<i>GTE</i>	<i>1991–92</i>	<i>1992–93</i>	<i>1993–94</i>	<i>1994–95</i>	<i>1995–96</i>
Australian National Railways Commission	100	94	87	129	131
National Rail Corporation	n.r	n.r	n.r	n.r	n.r
Public Transport Corporation	100	101	98	118	110
Queensland Rail	100	102	101	96	96
State Rail Authority	100	100	96	104	99
Westrail	100	96	94	82	68
Industry average	100	100	92	93	90

Notes The *aggregate price index* is an average of the price indices of urban and non-urban passenger and freight weighted by revenue shares.

The Secretariat calculated price indices for each GTE.

n.r not relevant

Table 6A.4 Real price index, freight (1991–92=100)

<i>GTE</i>	<i>1991–92</i>	<i>1992–93</i>	<i>1993–94</i>	<i>1994–95</i>	<i>1995–96</i>
Australian National Railways Commission	100	94	85	138	141
National Rail Corporation	n.a	n.a	n.a	n.a	n.a
Public Transport Corporation	100	98	88	n.a	n.a
Queensland Rail	100	102	99	94	95
State Rail Authority	100	96	90	112	102
Westrail	100	95	93	80	65
Industry average	100	98	89	91	87

Notes The *freight real price index* is calculated using average freight prices (freight revenue per net freight tonne kilometres).

The Secretariat calculated price indices for each GTE.

There is a problem of double counting of net freight tonne kilometres between National Rail and rail authorities which carry interstate freight on behalf of National Rail. To overcome this, information on industry net freight tonne kilometres for 1993–94, 1994–95 and 1995–96 was provided by the Bureau of Transport and Economics.

n.a not available. Unable to calculate a real price index because of a non comparable time series.

Table 6A.5 Real price index, urban passenger (1991–92=100)

<i>GTE</i>	1991–92	1992–93	1993–94	1994–95	1995–96
Australian National Railways Commission	n.r.	n.r.	n.r.	n.r.	n.r.
National Rail Corporation	n.r.	n.r.	n.r.	n.r.	n.r.
Public Transport Corporation	100	105	109	104	100
Queensland Rail	100	101	109	111	104
State Rail Authority	100	108	106	96	92
Westrail	100	113	107	89	92
Industry average	100	106	106	98	95

Notes The *real urban price index* is calculated using average urban passenger prices (urban passenger revenue per passenger journey).

The Secretariat calculated price indices for each GTE.

n.r not relevant

Table 6A.6 Real price index, non-urban (1991–92=100)

<i>GTE</i>	1991–92	1992–93	1993–94	1994–95	1995–96
Australian National Railways Commission	100	98	100	102	106
National Rail Corporation	n.r	n.r	n.r	n.r	n.r
Public Transport Corporation	100	101	102	104	n.p
Queensland Rail	100	102	114	112	110
State Rail Authority	100	100	101	94	97
Westrail	100	96	112	104	101
Weighted average	100	101	106	104	108

Notes The secretariat calculated price indices for each GTE. The *real non-urban price index* is calculated using average non-urban passenger prices (non-urban passenger revenue per non-urban passenger kilometres).

n.p not provided

n.r not relevant

Table 6A.7 Return on assets (per cent)

<i>GTE</i>	1991-92	1992-93	1993-94	1994-95	1995-96
Australian National Railways Commission	-11.1	2.7	3.8	0.9	0
National Rail Corporation	-35.6	-13.9	0.2	5.8	4.1
Public Transport Corporation	-4.6	-4.7	-4.5	-0.9	-3.2
State Rail Authority	-3.0	-1.7	-1.8	-5.2	-6.1
Westrail	6.2	5.7	6.6	7.5	15.1
All	-3.5	-1.7	-1.5	-2.5	-3.6

Notes *Return on assets* is the ratio of *earnings before interest and tax* (EBIT) (excluding abnormals) to *total average assets*. EBIT includes government payments to fund operating deficits and excludes abnormal items.

Excludes Queensland Rail (incomplete time series).

Table 6A.8 On-time running (within 3 minutes) urban passenger services (per cent)

<i>GTE</i>	1991-92	1992-93	1993-94	1994-95	1995-96
Public Transport Corporation ^a	91	91	92	92	93
Queensland Rail	84	87	86	72	59
State Rail Authority	90	92	92	90	89
Westrail	94	95	93	94	95
Industry average	90	91	92	90	87

Notes Industry *on-time running for urban passenger services* is calculated as the sum of each GTE's measure weighted by its share of total urban passenger journeys.

a Urban rail passenger services arriving within 5 minutes of schedule.

Table 6A.9 On-time running (within 30 minutes) freight services (per cent)

<i>GTE</i>	<i>1991–92</i>	<i>1992–93</i>	<i>1993–94</i>	<i>1994–95</i>	<i>1995–96</i>
Australian National Railways Commission	81	63	65	61	64
National Rail Corporation	n.r	n.r	61	68	73
Public Transport Corporation	96	89	78	86	92
Queensland Rail	45	48	50	46	77
State Rail Authority	78	81	85	90	89
Westrail	72	83	70	n.p	n.p
Industry average ^a	63	63	65	59	81

Notes Industry *on-time running for freight services* is calculated as the sum of each GTE's measure weighted by its share of net freight tonne-kilometres.

a National Rail Corporation and Westrail not included in the industry average because of incomplete data.

n.r not relevant.

n.p not provided.

7 PORT AUTHORITIES

Key results 1995–96

- **There was a modest increase in the overall profitability of port authorities ...**

The operating sales margin for port authorities as a whole rose by 1 percentage point to 36 per cent.

- **... while the average return on assets remained stable ...**

Port authorities achieved an average return on assets of 8 per cent.

- **... and the prices of port authority services fell.**

Port authorities reduced their average real prices by 4 per cent.

- **Total payments to government rose.**

Total payments to government by port authorities grew by 13 per cent in real terms to \$91 million in 1995–96. Port authorities paid around \$44 million in dividends and incurred \$46 million in income tax-equivalent expense, compared with \$56 million and \$24 million, respectively, in 1994–95 (1989–90 dollars).

- **There was mixed performance in ship turnaround time.**

Average median ship turnaround times for container operations improved, while average times for bulk operations deteriorated.

- **Bulk berth occupancy rates improved.**

Average berth occupancy rates at bulk operations increased to 56 per cent, while average rates at container terminals deteriorated slightly to 45 per cent.

7.1 Industry structure

Port authorities are responsible for overall port management. The fourteen port authorities covered by this report generated over \$543 million in revenue from operations, administered \$2.8 billion in assets and employed around 1795 full-time equivalent staff in 1995–96 (see Table 7.1).

Most of the port authorities covered are responsible for administering only one major port.¹ Each port has unique natural characteristics including geography, weather, distances to other ports and proximity to land transport links. These factors influence the cost structures of service providers operating in the port.

Ports can be classified into one of the following three categories:

- *Integrated ports* — incorporate a broad mix of both public and private sector investment and service general cargo, container cargo, bulk cargo and recreational and passenger vessels.
- *Dedicated ports* — providing little, if any, general cargo infrastructure, facilities are concentrated in one or two bulk commodity operations in export-orientated industries such as coal.
- *Regional ports* — service major regional areas and may be dominated by a core group of bulk commodities supplemented by a mix of general and/or container cargo and tourist and recreation facilities.²

Port authorities carry out a number of port services and activities in common (core activities). They include providing safe access and harbouring for ships, planning and providing port infrastructure, and port promotion and marketing.

1 Exceptions include:

- South Australian Ports Corporation, which administers nine regional ports in addition to the Port of Adelaide;
- Victorian Channels Authority, which ensures the maintenance of shipping channels within Port Phillip and Corio bays, Portland and Westernport; and
- Sydney Ports Corporation, which administers Sydney Harbour and Botany Bay.

2 With the exception of Hobart, a regional port, all Australian capital city ports can be classified as integrated ports. The ports of Burnie and Darwin can also be classified as integrated ports. Concentrating on bulk coal operations, the ports of Gladstone and Port Kembla can be classified as dedicated ports. The ports of Newcastle, Devonport, Launceston and the nine bulk ports administered by the South Australian Ports Corporation can be classified as regional ports.

Non-core activities undertaken by the port authorities covered vary widely (see Table 7.2). This reflects different objectives and functions set out in the relevant State legislation or government approved mission statements, corporate plans or business statements.

Table 7.1 Selected statistics for port authorities, 1995–96

<i>GTE</i>	<i>Operating revenue^a</i> (<i>\$millions</i>)	<i>Employees^c</i> (<i>No.</i>)	<i>Container traffic</i> (<i>'000 TEUs^d</i>)	<i>Throughput^e</i> (<i>million mass tonnes</i>)
New South Wales				
Sydney Ports Corporation	82	230	699	21
Port Kembla Port Corporation	42	53	0	26
Newcastle Port Corporation	32	119	10	60
Victoria				
Melbourne Port Corporation ^b	89	73	924	18
Victorian Channels Authority ^b	22	47	n.r.	n.r.
Queensland				
Gladstone Port Authority	76	334	2	37
Port of Brisbane Corporation	58	228	249	19
South Australia				
South Australian Ports Corporation	43	224	69	11
Western Australia				
Fremantle Port Authority	47	215	203	20
Tasmania				
Burnie Port Authority	12	58	120	3
Marine Board of Hobart	11	68	30	3
Port of Devonport Authority	9	51	54	2
Port of Launceston Authority	8	47	42	4
Northern Territory				
Darwin Port Authority	11	48	4	1

a *Operating revenue* includes revenue from sales and levies, receipts from government for community service obligations, revenue from asset sales and other revenue from operations. Excludes abnormal revenue, revenue from investment income and receipts from government to cover deficits from operations.

b Operating revenue data annualised.

c Average number of full-time equivalent employees at both the start and the end of the reporting period.

d Twenty-foot equivalent unit (TEU) is a container counting unit based on the International Standards Organisation 20ft by 8.5ft by 8.5ft container.

e Total tonnage of cargo passing through the port(s) administered by the authority.

n.r. not relevant

In recent years a general trend in port authority reform has been to limit the role of port authorities to providing only minimum core services and activities, that is, to adopt the role of a *landlord*. As a result many port authorities have divested or contracted out non-core services and activities.

Table 7.2 Key non-core activities of port authorities, 30 June 1996

GTE	Activity					
	Pilotage ^b	Towage ^c	Stevedoring ^d	Airport	Property rental ^e	Equipment hire ^f
New South Wales						
Sydney Ports Corporation						
Newcastle Port Corporation	✓					✓
Port Kembla Ports Corporation	✓					✓
Victoria						
Melbourne Port Corporation						
Victorian Channels Authority						
Queensland						
Gladstone Port Authority ^a			✓		✓	✓
Port of Brisbane Corporation						✓
South Australia						
SA Ports Corporation	✓					✓
Western Australia						
Fremantle Port Authority					✓	✓
Tasmania						
Burnie Port Authority ^a			✓	✓	✓	✓
Marine Board of Hobart					✓	✓
Port of Devonport Authority				✓	✓	✓
Port of Launceston Authority					✓	✓
Northern Territory						
Darwin Port Authority	✓	✓	✓		✓	✓

a Stevedoring labour jointly provided by the port authority and a private sector operator.

b Pilot services are generally delivered by a single licensed private operator in each port.

c With the exception of the ports of Newcastle and Sydney–Botany, where tugs are supplied by two operators, a sole private towage operator services most Australian ports. The industry is dominated by two suppliers — Howard Smith and Adsteam. Together they accounted for around three-quarters of the Australian towage market in 1995 (ACCC 1995). Brambles operates towage services in all Tasmanian ports.

d A duopoly (Conaust and Australian Stevedores) exists in international container stevedoring in the large capital city ports of Sydney, Melbourne, Brisbane and Fremantle. In February 1997, the Victorian Government announced the entry of a third container terminal operator, OOCL, into the port of Melbourne.

e Non-port related property.

f Includes cargo handling equipment, bulk loaders and other cargo handling equipment.

Recent structural reform

During 1995–96, structural reforms of port authorities resulted in the restructuring of some entities and the devolving of regulatory functions to independent bodies.

In New South Wales, the Maritime Services Board was restructured to create five new bodies:

- three new statutory State owned corporations (Sydney Ports Corporation, Newcastle Port Corporation and Port Kembla Port Corporation);
- the Waterways Authority, responsible for recreational and commercial boating throughout NSW; and
- the Office of Marine Administration, a regulatory body responsible for monitoring the performance of port corporations under Port Safety Operating Licences.³

In Victoria, the Port of Melbourne Authority (PMA) was restructured to form the following successor bodies:

- Melbourne Port Corporation (MPC), a commercial ‘port landlord’;
- Victorian Channels Authority (VCA), a channel operator; and
- Melbourne Port Services Pty Ltd, a separate subsidiary of the MPC, established to provide port services previously delivered by the PMA.⁴

Other Victorian Government port policy initiatives included:

- transfer of environmental, safety and pricing regulation of port activities to the relevant regulatory agencies of Government.
- divestment of the responsibility for the management of non-commercial ports from the scope of commercial ports to local committees, with separate budget funding.
- privatisation of on-shore facilities in the regional ports of Portland and Geelong.

3 Port Safety Operating Licence’s are granted for a five year period. Under the licence, port corporations must achieve specific performance targets for key safety functions ie responding to port related emergencies.

4 The MPC and VCA tender their port service requirements (electrical and maintenance services, building works maintenance, channel dredging and port ancillary services). Melbourne Port Services (MPS) is free to bid for the right to supply port services in competition with other potential providers. In December 1996 the Victorian Government sought Expressions of Interest for the purchase of MPS.

There were no other changes to the structure of port GTEs covered in 1995–96.

7.2 Market conditions and regulation

The scope for improving inter-port competition in Australia is limited by factors such as the distance between ports, the concentration of population in coastal cities, and the relatively high cost of land transport. Consequently, the focus of port authority reform has been on administrative reforms (see Table 7.3). These reforms have sought to attach greater emphasis on the commercial role of port authorities and create incentives for efficient management. Key reforms include corporatisation and commercialisation and pricing reform.

Corporatisation and commercialisation

Monitored port authorities in New South Wales, Victoria, Queensland and South Australia have been corporatised (see Table 7.3). The key initiatives associated with corporatisation are the separation of commercial and regulatory functions, identifying and costing community service obligations, providing for dividend and tax equivalent payments and subjecting authorities to State and Federal corporations law.⁵

In Western Australia, the Fremantle Port Authority was restructured to prepare it for commercialisation from 1 July 1996. The authority is responsible for trade facilitation and accountable for the commercial management of government owned assets.

Pricing

Most port authority charges fall into two broad categories:

- ship-based charges levied on vessel operators ie tonnage, berth hire and conservancy; and
- cargo-based charges levied on cargo owners ie wharfage, berthing and harbour dues.

5 The Victoria Government submitted a regime for access to Victorian commercial shipping channels to the National Competition Council (NCC) for certification during 1996.

Table 7.3 Reform initiatives affecting port authorities, 1991–92 to 1995–96

<i>Jurisdiction</i>	<i>Date</i>	<i>Nature of reform or policy initiative</i>
New South Wales	1991–92	Closure of Balmain Coal Loader and Goat Island shipyard. Staff rationalisation and subsequent relocation of marine operations.
	1993–94	Closure of Sydney maintenance workshop and increase in contracting out of services. Waterfront construction and navigational aids businesses contracted out. Introduction of Maritime Services Board Enterprise Agreement.
	1995–96	On 30 June 1995, the former MSB was dissolved and in its place, three independent Port Corporations were established in Sydney, the Hunter and the Illawarra regions under the <i>State Owned Corporations Act</i> . All marine regulatory and port policy functions were separated and brought under the Government's control. In addition, all boating related functions were brought under a separate Waterways Authority.
	June 1996	A new capital structure for the port corporations was implemented based on commercial principles. As a result, New South Wales port corporations have better defined commercial objectives and are free to compete for business.
Victoria	1994	Reduction of port authority charges including the abolition of the State Tonnage Duty and 15 per cent reduction in wharfage at Port of Melbourne.
	1995	Legislation to remove non-commercial community ports from the scope of port authorities and place them under the management of local committees, with separate budget funding.
	Nov 1995	The <i>Port Service Act 1995</i> was passed in Victorian Parliament. This facilitated, in early 1996, the disaggregation of the Port of Melbourne Authority into Melbourne Port Corporation (MPC) and its subsidiary Melbourne Port Services, and the separate statutory authority, Victorian Channels Authority (VCA). MPC is responsible for land management at, and the future development of, the Port of Melbourne. VCA operates harbour control in Port Phillip Bay and the ports of Melbourne and Geelong, and also ensures the maintenance of the shipping channels within Port Phillip and Corio Bays, Portland and Westernport.

Table 7.3 Reform initiatives affecting port authorities, 1991–92 to 1995–96 (continued)

<i>Jurisdiction</i>	<i>Date</i>	<i>Nature of reform or policy initiative</i>
Victoria (continued)	March 1996	Port of Portland sold to a private consortium comprising Infratil Australia Limited and Ascot Investment Pty Ltd (50 per cent each) for \$30 million.
	May 1996	Port of Geelong sold to a private consortium consisting of TNT Australia Pty Ltd and Infrastructure Investment Corporation Ltd for \$50.5 million.
Queensland	July 1994	Brisbane Port Authority, Gladstone Port Authority and Ports Corporation of Queensland corporatised as part of the <i>Government Owned Corporations Act 1993</i> . The Act provides for a range of reforms, including direct funding of community service obligations and the payment of tax-equivalents.
	July 1995	Cairns, Townsville, Mackay, Rockhampton and Bundaberg Port Authorities corporatised.
South Australia	1993	Reform of Marine and Harbors Agency's pricing policy.
	Nov 1994	Marine and Harbors Agency corporatised forming the South Australian Ports Corporation.
	1994–95	Pricing reform undertaken with an increased focus on <i>user-pays</i> .
Western Australia	1994	Fremantle Port Authority closes non-core Stevedoring Maintenance Unit.
	1995–96	The Government published a policy statement on the role of port authorities. Port authorities are seen primarily as trade facilitators operating on commercial disciplines to maximise the benefits to port users directly, and the Western Australian community broadly.
Tasmania	June 1993	Introduction of competitive neutrality principles to Tasmanian's main port authorities requiring them to pay income tax equivalents and guarantee fees on new borrowings.
Northern Territory	1995	First stage of the construction of East Arm port facilities.
	April 1995	Darwin Port Authority classified as Government Business Division (GBD) under the <i>Financial Management Act</i> .

Traditionally the structure of port authority charges has involved a strong emphasis on cargo-based charges. Cargo-based charges are applied as a general source of revenue and are not specific to particular facilities or services provided by the port authority.

With the exception of Tasmanian port authorities and the Darwin Port Authority, all the port authorities covered have reviewed their pricing structures in recent years.⁶ In most cases, the incidence of port charges has shifted from the cargo owner to the shipping line. Governments have sought to place greater responsibility for port authority costs on those who directly benefit from the use of port authority services by attaching a greater emphasis on ship-based charges. Together with current-cost asset valuations, more appropriate pricing structures provide a better basis for investment decisions and asset management.

7.3 Financial performance

This section examines the financial performance of port GTEs with respect to profitability, prices, return on assets and shareholder returns.

Profitability

There was a modest increase in the overall *operating sales margin* to 36 per cent in 1995–96. The overall margin has fluctuated within a small band, peaking at 38 per cent in 1992–93 (see Figure 7.1 and Table 7A1).

Port authorities operating in New South Wales, Victoria and Queensland achieved the highest margins over the period monitored. These results are consistent with larger capital city ports handling higher levels of throughput and achieving greater utilisation of fixed cost port infrastructure.

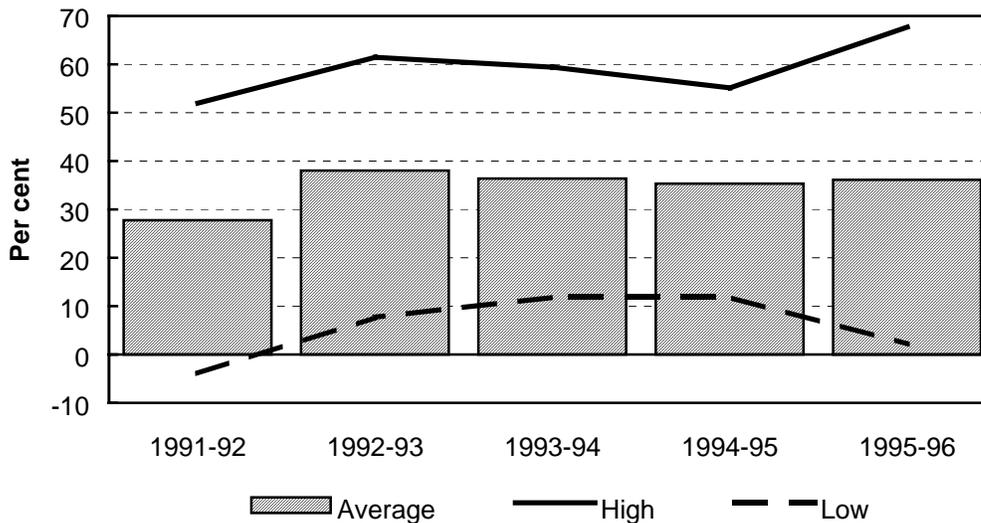
The overall profitability of Tasmanian port authorities generally deteriorated over the period monitored.⁷ The fall in profitability can be attributed to increased regional competition between the ports. For example, during 1995–96, the Port of Launceston Authority (PLA) and the Marine Board of Hobart (MBH) each lost a key customer to the Burnie Port Authority (BPA), significantly reducing their revenue. Profitability was also affected by the costs associated with divesting non-core activities. For instance, the PLA, BPA and

6 An external review of Darwin Port Authority's pricing policy is to be undertaken during 1996–97.

7 The Port of Devonport Authority went against the trend, improving profitability in 1995–96.

MBH rationalised their operations during 1995–96, increasing their expenses through redundancy payments.

Figure 7.1 Operating sales margin



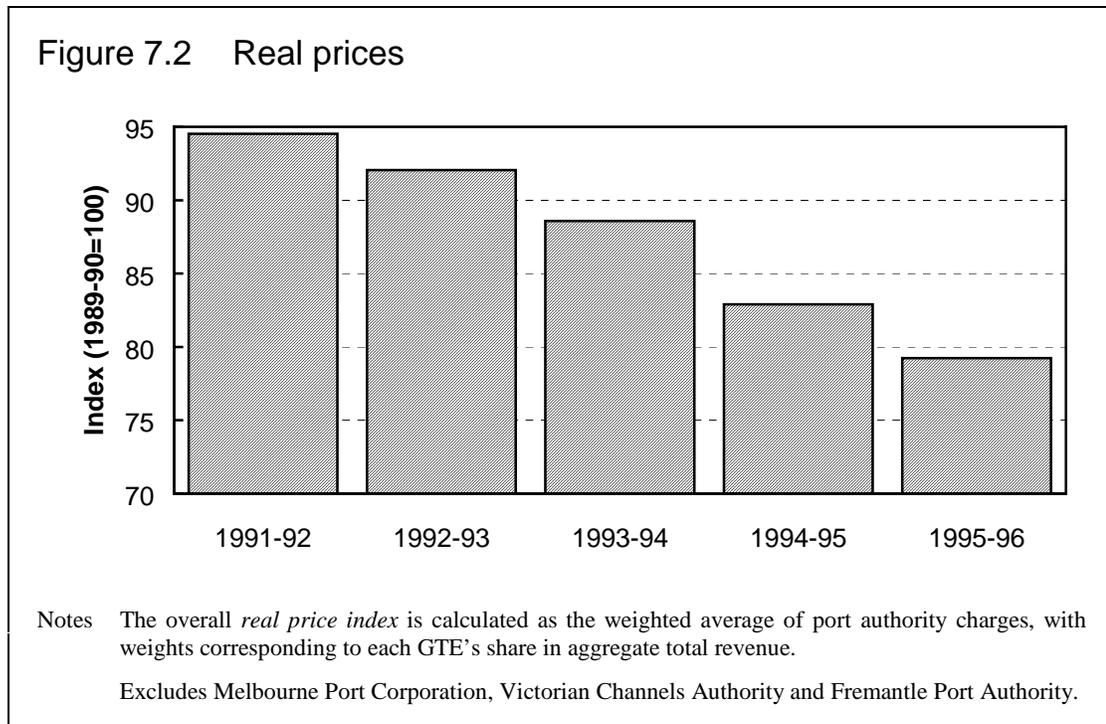
Notes *Operating sales margin* is the ratio of *earnings before interest and tax (EBIT)* less *investment income* to *total revenue less investment income*.

Historical data for monitored port authorities in New South Wales and Victoria have been adjusted to develop a profile of the industry over time.

The South Australian Port Corporation's operating sales margin for 1995–96 has been calculated *before abnormal* items. During the year the Corporation recorded an abnormal expense of \$49 million. This related solely to the write-down in the value of non-current assets associated with the adoption of current cost asset valuation methodology.

Prices

The overall *real price index* for port authority services declined by 19 per cent between 1991–92 and 1995–96 (see Figure 7.2 and Table 7A2). In 1995–96 port authorities reduced their average real prices by 4 per cent. With the exception of the Marine Board of Hobart and the Gladstone Port Authority, all port authorities that reported an index of their charges reduced their real prices by between 3 and 4 per cent during 1995–96.



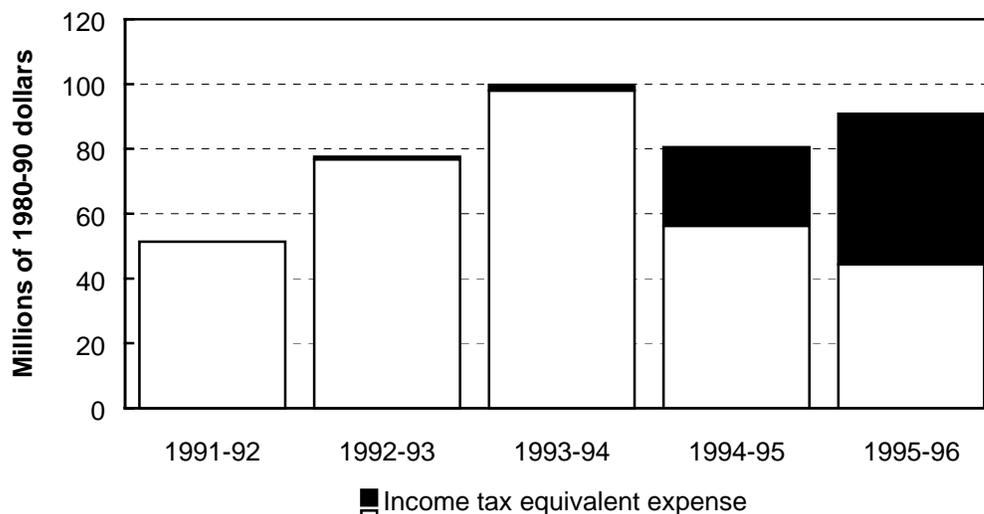
Shareholders' returns

Total payments to government (dividends and income tax-equivalent expense) by port authorities grew by 13 per cent in real terms to \$91 million in 1995–96 (see Figure 7.3 and Table 7A3). Overall dividend payments fell for the third consecutive year to \$44 million (1989–90 dollars) in 1995–96. This trend is caused by a reduction in dividend payments by New South Wales port authorities since 1993–94.

Port authorities incurred \$46 million in real tax-equivalent expense in 1995–96, compared with \$1.7 million in 1993–94. The South Australian Ports Corporation, Victorian and Queensland port authorities expensed tax equivalents for the first time in 1995–96.⁸

⁸ Tax equivalent expense may differ from tax actually paid during a period because of timing effects.

Figure 7.3 Payments to government (dividends and income tax equivalent expense)



Notes *Dividends paid and provided for* are defined as the total amount included in GTE profit and loss statement for dividends. It includes normal and special dividends and statutory levies on profits and revenues (especially), but excludes returns of capital. *Income tax expense*, or *income tax equivalent expense*, on operating profit before tax (including abnormal items) is calculated using tax effect accounting (AAS3).

Historical data for monitored port authorities in New South Wales and Victoria have been adjusted to develop a profile of the industry over time.

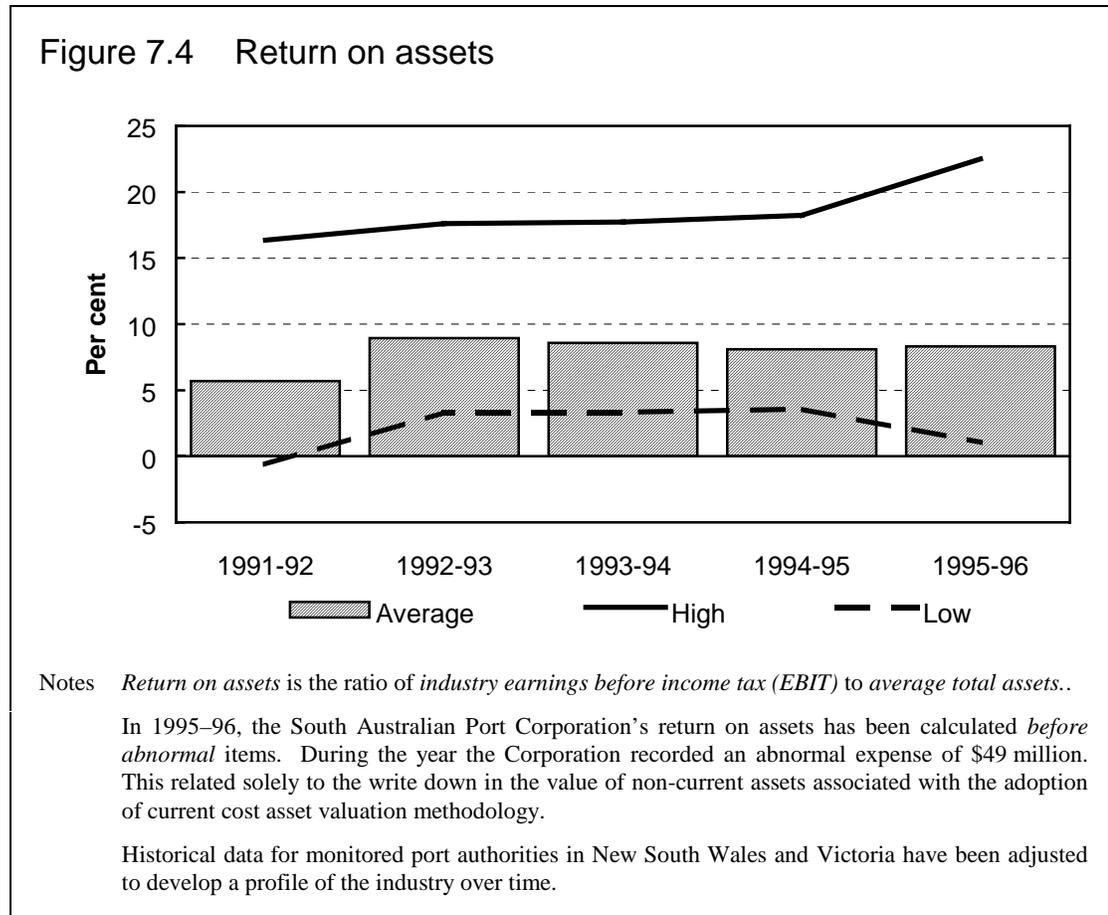
Return on assets

The average *return on assets* for port authorities has remained relatively stable at around 8 per cent since 1992–93 (see Figure 7.4 and Table 7A4). The overall trend is affected by the performance of the larger port authorities, which generally achieved returns of greater than 10 per cent. The returns for smaller authorities are mixed, ranging from 1 per cent for Burnie Port Authority to 8 per cent for the Port of Devonport Authority.

Traditionally port authorities have valued their non-current assets at their written down historical value. Historical cost asset valuations may bias measured returns on assets upwards, compared with current-cost methods of asset valuation involving regular asset revaluations.

Authorities have adopted current value methodology for the valuation of their assets, notably in New South Wales, Queensland, South Australia and Western Australia. Current cost valuations have tended to reduce reported return on

assets by increasing the value of the capital base and the depreciation expense recorded in the profit and loss statement.



7.4 Port performance indicators

The port performance indicators reported in this section are designed to provide a broad measure of the effectiveness of a port in terms of timely turnaround of ships and cargo.

The *ship turnaround time* measures the elapsed time from the arrival of a ship at the port boundary (usually the pilot pick-up point) to departure (the pilot drop-off point). The overall turnaround time is dependent on the performance of a

number of port service providers, notably the port authority, pilot, tug and stevedore, as well as on the quantity of cargo exchanged.⁹

The overall ship turnaround time is important to ship operators as reduced port times are consistent with lower costs. In addition the reliability of ship operators is higher when consistent turnaround times are achieved.

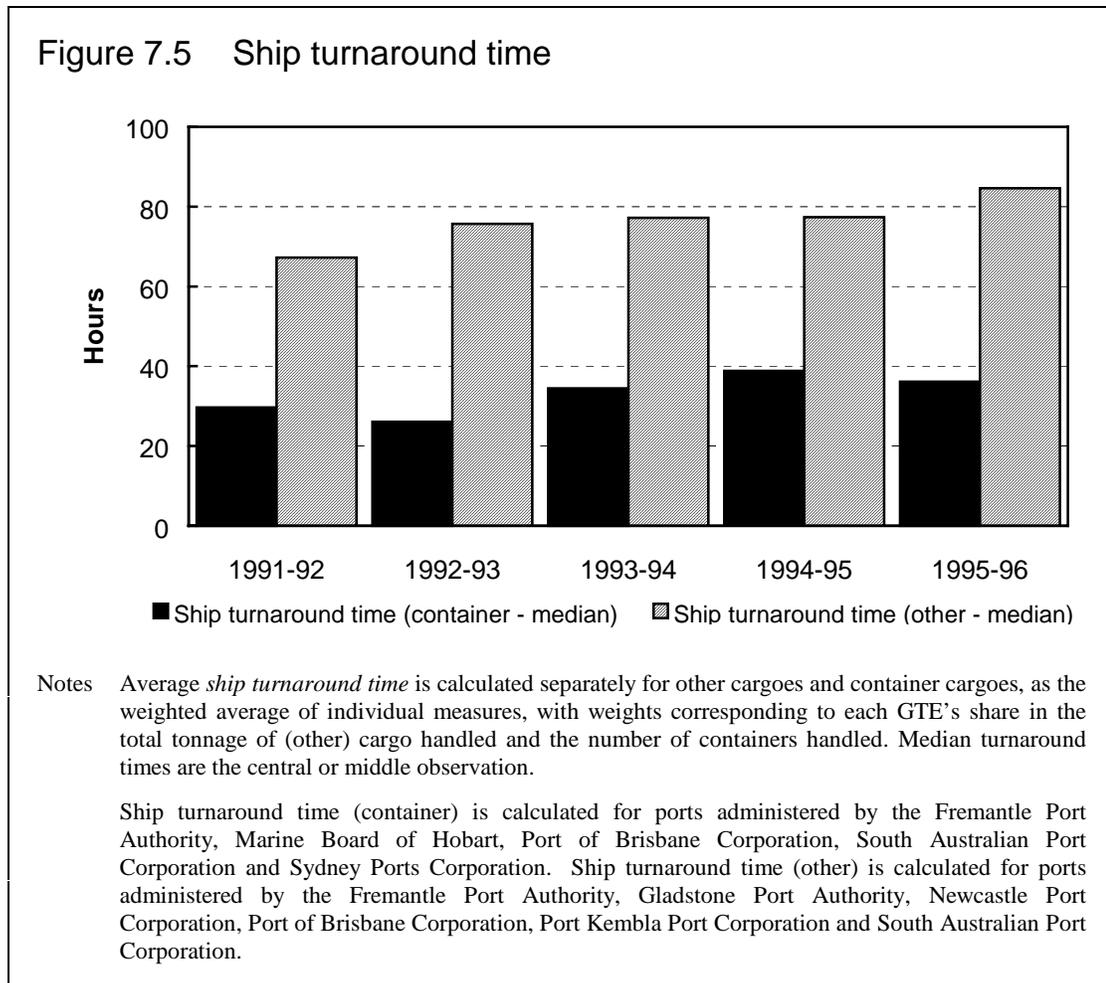
Berth occupancy provides a measure of the utilisation of port berth facilities. Berth capacity must be planned against long-term trade projections as port infrastructure are long-lived assets. A berth occupancy rate of around 60 per cent is considered optimal for container operations. At the optimal rate the terminal operator is able to load and unload and receive and deliver cargo without congestion and maintain efficient operations.

Ship turnaround time

The average ship turnaround time at container terminals improved during 1995–96 (see Figure 7.5 and Table 7A5). This was largely a result of faster turnaround times at Botany Bay, one of Australia’s largest container terminals. Despite the improvement, average turnaround times are slower than that achieved in 1992–93.

The average median ship turnaround times for bulk operations rose to 85 hours in 1995–96, compared with 67 hours in 1991–92 (see Figure 7.5 and Table 7A5). This result was largely due to slower turnaround times at Newcastle, where they have risen 72 per cent since 1991–92. Port Kembla went against the trend and significantly improved turnaround times over the period monitored.

9 Subsidiary ship turnaround times — time awaiting berth, time at berth, time working at berth and time awaiting departure — are not reported separately by most ports. The discussion in this section is limited to overall ship turnaround time.

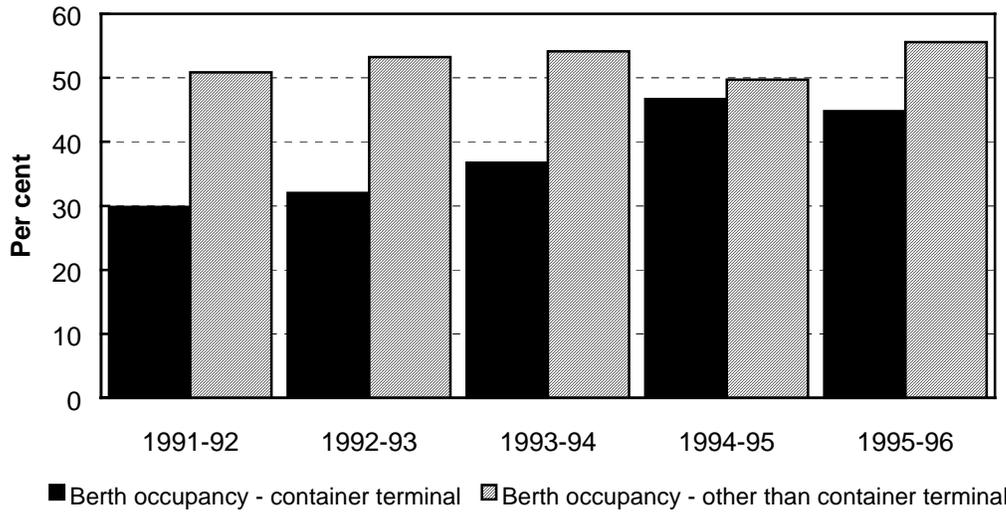


Berth occupancy

The average berth occupancy rate at container terminals increased from 33 per cent in 1991–92 to 45 per cent in 1995–96 (See Figure 7.6 and Table 7A6). Berth occupancy rates below 60 per cent at Burnie (averaging 38 per cent) and Adelaide (averaging 21 per cent) would suggest excess investment in berth infrastructure relative to the level of trade at these ports.

Over the period monitored, the average berth occupancy rate at other (bulk) operations was driven by the performance at Newcastle and Port Kembla, the largest bulk ports in the group. Since 1991–92, average occupancy rates at Newcastle and Port Kembla have been in the order of 80 and 74 per cent, respectively. Taken together with the reported deterioration in ship turnaround times (bulk), Newcastle's high average berth occupancy rate suggests congestion leading to increased delays to ships.

Figure 7.6 Berth occupancy



Notes Average *berth occupancy* is calculated separately for other cargoes and container cargoes, as the weighted average of individual measures, with weights corresponding to each GTE's share in the total tonnage of (other) cargo handled and the number of containers handled. Median turnaround times are the central or middle observation.

Berth occupancy at container terminals is calculated for ports administered by the Burnie Port Authority, Fremantle Port Authority, Port of Brisbane Corporation, South Australian Port Corporation and Sydney Ports Corporation. Berth occupancy at other (bulk) operations is calculated for ports administered by the Burnie Port Authority, Fremantle Port Authority, Gladstone Port Authority, Newcastle Port Corporation, Port of Brisbane Corporation, Port Kembla Corporation and South Australian Port Corporation.

Appendix 7A Data

Table 7A.1 Operating sales margin (per cent)

<i>GTE</i>	<i>1991–92</i>	<i>1992–93</i>	<i>1993–94</i>	<i>1994–95</i>	<i>1995–96</i>
Maritime Services Board NSW ^a	37.2	51.1	45.8	49.1	56.6
Sydney Ports Corporation ^b	n.r.	n.r.	n.r.	n.r.	57.9
Newcastle Port Corporation ^b	n.r.	n.r.	n.r.	n.r.	38.9
Port Kembla Port Corporation ^b	n.r.	n.r.	n.r.	n.r.	67.7
Port of Melbourne Authority ^c	-0.3	22.6	26.1	33.7	32.6
Melbourne Port Corporation ^d	n.r.	n.r.	n.r.	n.r.	63.3
Victorian Channels Authority ^d	n.r.	n.r.	n.r.	n.r.	42.5
Gladstone Port Authority	44.9	38.8	29.1	27.0	24.5
Port of Brisbane Corporation	52.0	61.5	59.4	48.0	35.8
SA Ports Corporation ^e	46.2	46.0	39.1	14.3	35.6
Fremantle Port Authority	-3.9	15.9	27.8	27.0	27.1
Burnie Port Authority	37.9	23.5	35.0	13.5	2.1
Marine Board of Hobart	18.3	7.7	11.9	13.7	7.5
Port of Devonport Authority	33.3	31.0	25.5	11.8	19.5
Port of Launceston Authority	22.6	16.8	16.3	15.7	7.5
Darwin Port Authority	23.0	24.4	18.6	22.8	20.7
All	27.8	38.0	36.4	35.4	36.1

Notes *Operating sales margin* is the ratio of *earnings before interest and tax (EBIT)* less *investment income* to *total revenue* less *investment income*.

- a Historical data have been adjusted to develop a profile of the industry over time. Data for Sydney Ports Corporation, Newcastle Port Corporation and Port Kembla Port Corporation have been aggregated in 1995–96. Prior to 1995–96, data for the Maritime Services Board of New South Wales (excluding the Waterways Authority) have been used.
- b Data have been included in the aggregated Maritime Services Board of New South Wales result for 1995–96.
- c Historical data have been adjusted to develop a profile of the industry over time. Data for the Port of Melbourne Authority annualised in 1995–96. Prior to 1995–96, data for the Port of Melbourne Authority have been used.
- d Calculations based on four months of data (1 March 1996 to 30 June 1996). Data have not been included in calculating the overall operating sales margin for port authorities.
- e In 1995–96, the South Australian Port Corporation's operating sales margin was calculated *before abnormal* items. During the year the Corporation recorded an abnormal expense of \$49 million. This related solely to the write down in the value of non-current assets associated with the adoption of current cost asset valuation methodology.
- n.r. not relevant

Table 7A.2 Real price index (1989–90=100)

<i>GTE</i>	<i>1991–92</i>	<i>1992–93</i>	<i>1993–94</i>	<i>1994–95</i>	<i>1995–96</i>
Sydney Ports Corporation	99.0	97.0	86.0	80.0	69.0
Newcastle Port Corporation	70.0	62.0	62.0	49.0	47.0
Port Kembla Port Corporation	94.0	93.0	92.0	88.0	84.0
Melbourne Port Corporation	n.r.	n.r.	n.r.	n.r.	100.0
Victorian Channels Authority	n.r.	n.r.	n.r.	n.r.	100.0
Gladstone Port Authority	101.0	101.0	101.0	97.0	96.0
Port of Brisbane Corporation	93.5	92.2	90.4	82.8	79.7
SA Ports Corporation	97.7	95.2	92.2	89.4	86.2
Fremantle Port Authority	n.p.	n.p.	n.p.	n.p.	n.p.
Burnie Port Authority	93.4	92.2	89.5	86.8	83.6
Marine Board of Hobart	93.4	89.3	83.8	77.7	63.4
Port of Devonport Authority	93.1	87.1	83.5	80.9	77.8
Port of Launceston Authority	93.5	90.4	88.9	84.3	81.1
Darwin Port Authority	98.6	97.3	109.5	106.5	102.2
Industry average	94.5	92.0	88.6	82.9	79.2

Notes The overall *real price index* is calculated as the weighted average of port authority charges, with weights corresponding to each GTE's share in aggregate total revenue. Excludes Melbourne Port Corporation, Victorian Channels Authority and Fremantle Port Authority.

n.p. not provided

n.r. not relevant

Table 7A.3 Real payments to government (dividends and tax equivalent expense) ('000s of 1989–90 dollars)

<i>GTE</i>	<i>1991–92</i>	<i>1992–93</i>	<i>1993–94</i>	<i>1994–95</i>	<i>1995–96</i>
Real dividends paid or provided for					
Maritime Services Board NSW	32 802	59 889	76 323	26 701	n.r.
Sydney Ports Corporation	n.r.	n.r.	n.r.	n.r.	12 757
Newcastle Port Corporation	n.r.	n.r.	n.r.	n.r.	4 584
Port Kembla Port Corporation	n.r.	n.r.	n.r.	n.r.	6 725
Port of Melbourne Authority ^c	9 251	4 591	9 901	10 517	7 601
Melbourne Port Corporation	n.r.	n.r.	n.r.	n.r.	2 690
Victorian Channels Authority	n.r.	n.r.	n.r.	n.r.	0
Gladstone Port Authority	2 989	1 751	2 312	3 800	2 185
Port of Brisbane Corporation	3 024	6 688	5 386	8 329	4 896
SA Ports Corporation	2 246	2 847	4 109	6 450	2 780
Fremantle Port Authority	1 079	989	0	0	0
Burnie Port Authority	0	0	0	0	0
Marine Board of Hobart	0	0	0	0	0
Port of Devonport Authority	0	0	0	0	0
Port of Launceston Authority	0	0	0	0	0
Darwin Port Authority	0	0	0	436	209
<i>All real dividends paid or provided for</i>	<i>51 391</i>	<i>76 755</i>	<i>98 032</i>	<i>56 233</i>	<i>44 426</i>
Real income tax-equivalent expense					
Maritime Services Board NSW	0	0	0	23 337	n.r.
Sydney Ports Corporation	n.r.	n.r.	n.r.	n.r.	13 547
Newcastle Port Corporation	n.r.	n.r.	n.r.	n.r.	3 990
Port Kembla Port Corporation	n.r.	n.r.	n.r.	n.r.	6 168
Port of Melbourne Authority	0	0	0	0	1 810
Melbourne Port Corporation	n.r.	n.r.	n.r.	n.r.	4 917
Victorian Channels Authority	n.r.	n.r.	n.r.	n.r.	1 037
Gladstone Port Authority	0	0	0	0	5 102
Port of Brisbane Corporation	0	0	0	0	6 350
SA Ports Corporation	0	0	0	0	2 946
Fremantle Port Authority	0	0	0	0	0
Burnie Port Authority	0	0	0	0	0
Marine Board of Hobart	0	0	1 027	529	23
Port of Devonport Authority	0	496	536	262	556
Port of Launceston Authority	0	292	179	143	- 34
Darwin Port Authority	0	0	0	0	0
<i>All real income tax-equivalent expense</i>	<i>0</i>	<i>788</i>	<i>1 742</i>	<i>24 271</i>	<i>46 410</i>
Total payments to government	51 391	77 543	99 774	80 504	90 836

Notes *Dividends paid and provided for* are defined as the total amount included in GTE profit and loss statement for dividends. It includes normal and special dividends and statutory levies on profits and revenues (especially), but excludes returns of capital. *Income tax expense*, or *income tax equivalent expense*, on operating profit before tax (including abnormal items) is calculated using tax effect accounting (AAS3).

n.r. not relevant

Table 7A.4 Return on assets (per cent)

<i>GTE</i>	1991–92	1992–93	1993–94	1994–95	1995–96
Maritime Services Board NSW ^a	7.2	11.9	10.5	12.4	14.8
Sydney Ports Corporation ^b	n.r.	n.r.	n.r.	n.r.	15.8
Newcastle Port Corporation ^b	n.r.	n.r.	n.r.	n.r.	11.3
Port Kembla Port Corporation ^b	n.r.	n.r.	n.r.	n.r.	15.3
Port of Melbourne Authority ^c	0.2	4.9	5.3	7.0	6.7
Melbourne Port Corporation ^d	n.r.	n.r.	n.r.	n.r.	12.7
Victorian Channels Authority ^d	n.r.	n.r.	n.r.	n.r.	22.5
Gladstone Port Authority	10.6	8.3	5.9	5.0	4.4
Port of Brisbane Corporation	16.3	17.6	17.7	7.9	5.8
SA Ports Corporation ^e	10.1	10.4	9.0	3.9	10.9
Fremantle Port Authority	-0.6	7.4	14.3	15.7	14.6
Burnie Port Authority	10.9	8.5	15.3	5.1	1.0
Marine Board of Hobart	5.1	3.3	4.1	4.7	3.5
Port of Devonport Authority	9.3	11.4	8.8	5.0	7.7
Port of Launceston Authority	4.1	4.1	3.3	3.6	1.9
Darwin Port Authority	5.0	5.2	4.2	5.4	4.3
All	5.7	8.9	8.6	8.1	8.3

Notes *Return on assets* is the ratio of *industry earnings before income tax (EBIT)* to *total average assets*.

- a Historical data have been adjusted to develop a profile of the industry over time. Data for the Port of Melbourne Authority have been annualised in 1995–96. Prior to 1995–96, data for the Port of Melbourne Authority have been used.
- b Data have been included in the aggregated Maritime Services Board of New South Wales result for 1995–96.
- c Historical data have been adjusted to develop a profile of the industry over time. Data for Sydney Ports Corporation, Newcastle Port Corporation and Port Kembla Port Corporation have been aggregated in 1995–96. Prior to 1995–96, data for the Maritime Services Board of New South Wales (excluding the Waterways Authority) have been used.
- d Calculations based on four months of data (1 March 1996 to 30 June 1996). Data have not been included in calculating the overall return on assets for port authorities.
- e In 1995–96, the South Australian Port Corporation's operating sales margin was calculated *before abnormal* items. During the year the Corporation recorded an abnormal expense of \$49 million. This related solely to the write down in the value of non-current assets associated with the adoption of current cost asset valuation methodology.
- n.r. not relevant

Table 7A.5 Turnaround times (Hours)

<i>Port</i>	<i>1991–92</i>	<i>1992–93</i>	<i>1993–94</i>	<i>1994–95</i>	<i>1995–96</i>
Container - median times					
Fremantle	33	26	27	30	28
Hobart	45	67	55	57	43
Brisbane	24	19	28	30	29
Adelaide	33	30	26	24	22
Botany Bay	n.p.	n.p.	39	45	42
Average	39	26	34	39	36
Other (bulk) - median times					
Fremantle	60	57	59	62	62
Gladstone	65	64	66	58	67
Newcastle	79	109	118	133	136
Brisbane	26	n.p.	23	32	32
Port Kembla	106	98	97	62	62
Adelaide	n.p.	n.p.	n.p.	18	19
Average	67	76	77	77	85

Notes Average *ship turnaround time* is calculated separately for other cargoes and container cargoes, as the weighted average of individual measures, with weights corresponding to each GTE's share in the total tonnage of (other) cargo handled and the number of containers handled. Median turnaround times are the central or middle observation.

Comparisons between ports are precluded since each port uses a different set of parameters to measure turnaround time.

n.p. not provided

Table 7A.6 Berth occupancy (per cent)

<i>Port</i>	<i>1991–92</i>	<i>1992–93</i>	<i>1993–94</i>	<i>1994–95</i>	<i>1995–96</i>
Container terminal					
Burnie	46	40	35	37	34
Fremantle	38	38	44	46	50
Brisbane	43	35	40	48	47
Adelaide	13	20	21	26	25
Botany Bay	n.p.	n.p.	39	53	49
Average	30	32	37	47	45
Other (bulk) operations					
Burnie	40	23	21	19	18
Fremantle	32	35	42	36	35
Gladstone	36	35	37	36	33
Newcastle	75	83	87	79	85
Brisbane	19	15	20	23	36
Port Kembla	83	81	75	65	66
Adelaide	6	6	7	7	9
Average	51	53	54	50	56

Notes *Average berth occupancy* is calculated separately for other cargoes and container cargoes, as the weighted average of individual measures, with weights corresponding to each GTE's share in the total tonnage of (other) cargo handled and the number of containers handled. Median turnaround times are the central or middle observation.

n.p. not provided

8 COMMONWEALTH GTEs

Key results 1995–96

- **Australia Post**

Profitability increased slightly — operating sales margin increased by half a per cent to 12.5 per cent.

In real terms, the cost of posting a standard letter decreased by 4 per cent.

Real payments to Government increased by 20.5 per cent.

- **Federal Airports Corporation**

Profitability, as indicated by operating sales margin, remained high at 37 per cent.

Real payments to Government increased by 20 per cent.

- **Telstra**

Operating sales margin increased by 5.5 percentage points to just over 25 per cent.

Payments to governments, including tax and dividends, increased by 20 per cent. Telstra declared dividends totalling \$1368 million, 45 per cent higher than the previous year.

The five Commonwealth GTEs reported in this chapter are Airservices Australia, Australian National Line Limited, Australia Post, Federal Airports Corporation and Telstra. Each GTE is discussed separately because they operate in different industries or are engaged in different activities within the same industry.

The performance of other Commonwealth GTEs — Snowy Mountains Hydro-Electric Authority, National Rail Corporation and the Australian National Rail Commission — is reported in other chapters.

There has been a number of changes to the operating environments of many Commonwealth GTEs in 1995–96 (see Table 8.1).

Table 8.1 Reform initiatives affecting Commonwealth GTEs, 1991–92 to 1995–96

<i>GTE</i>	<i>Date</i>	<i>Nature of reform or policy initiative</i>
Airservices Australia	July 1995	The Civil Aviation Authority was replaced by two new authorities — Airservices Australia, which provides civil airways services, and the Civil Aviation Safety Authority, which is exclusively responsible for air safety regulation.
	1996	A tripartite review of Airservices Australia's capital structure resulted in the organisation repaying \$49 million to the Commonwealth government.
ANL Limited	Aug 1991	The sale of a substantial part of ANL announced.
	Aug 1994	Price Waterhouse–Saloman Brothers report favoured an effective liquidation as a sale was not considered practicable. The Government withdrew ANL from sale and appointed a new Board to reconstruct the company.
	Sept 1994	ANL's 25 per cent stake in Australian Stevedores sold.
	April 1995	In the context of exploring joint ventures to facilitate restructuring, purchase interest in ANL was expressed. The Government opened ANL for purchaser due diligence and contract negotiations were conducted with P&O in order to compare a sale option with continued restructuring.
	Nov 1995	The government announced that ANL must be restructured prior to any future sale.
	May 1996	ANL provided the Government with a report on options for proceeding with sale of ANL. The report is under consideration.
Australia Post	Dec 1994	<p>Competition in the letter market was increased through amendments to the <i>Australian Postal Corporation Act, 1989</i>. New services to be opened to direct competition were:</p> <ul style="list-style-type: none"> • domestic letters carried within Australia where the charge is not less than four times the standard letter rate or weighing more than 250 grams (the thresholds for competition had been 10 times the standard letter rate and 500 grams); • carriage of bulk letters between cities (ie interconnection); • movement of letters within a document exchange service and the transfer of letters within an organisation by third parties; and

Table 8.1 Reform initiatives affecting Commonwealth GTEs, 1991–92 to 1995–96 (continued)

<i>GTE</i>	<i>Date</i>	<i>Nature of reform or policy initiative</i>
Australia Post (continued)		<ul style="list-style-type: none"> outbound international letters and the carriage of overseas mail for lodgement with Australia Post for final delivery.
Federal Airports Corporation	May 1994	The former Federal Government announced its intention to divest FAC's airports as part of its 'Working Nation: Policies and Programs'.
Telstra Corporation Ltd	June 1991	<p>The regulatory arrangements and the structure of the telecommunications industry for the transition to open competition for the period 1 July 1991 to 30 June 1997, were established in the <i>Telecommunications Act 1991</i>. Key elements were:</p> <ul style="list-style-type: none"> the establishment of a duopoly on fixed network provision until 30 June 1997; the merger of Telecom and OTC, and the sale of AUSSAT to the second national carrier; the issuing of three public mobile telephone licences; the full resale of domestic and international capacity; and extended responsibilities and powers for the industry specific regulator AUSTEL.
	Jan 1992	Optus licensed as the second national carrier.
	Feb 1992	Telecom Australia and OTC merged to form AOTC.
	June 1992	Optus commenced operations in the mobile telephone service market.
	Nov 1992	Optus interconnected with the AOTC network to provide domestic long distance and international services.
	Dec 1992	The third mobile licence was granted to Vodafone.
	April 1993	AOTC became Telstra Corporation Ltd, but retained the trading name 'Telecom Australia' for domestic purposes.
	Oct 1993	Vodafone commenced operations, competing with Optus and Telstra in the provision of digital mobile telephone services.
	July 1995	Telecom Australia changed its trading name to Telstra.

8.1 Airservices Australia

Airservices Australia commenced operating on 6 July 1995 when the *Air Services Act 1995* came into effect. This Act, combined with the *Civil Aviation Legislation Amendment Act 1995*, gave effect to the separation of the former Civil Aviation Authority (CAA) into two new organisations – Airservices Australia and the Civil Aviation Safety Authority (CASA).

Airservices Australia's primary responsibilities are the provision of civil air traffic services, the operation and maintenance of the national airways system, the provision of rescue and fire fighting services at major airports and the conduct of aviation search and rescue operations.¹ In 1995-96, the costs of Airservices Australia's search and rescue service was \$13.2 million, of which \$9.1 million was met by the Commonwealth Government.

CASA is responsible for the safety regulation of civil air operations in Australia, including the safety oversight of Airservices Australia.

Policy initiatives

In 1995-96, Airservices Australia further developed a basis for location-specific pricing, to be introduced progressively from 1997-98.

Financial performance

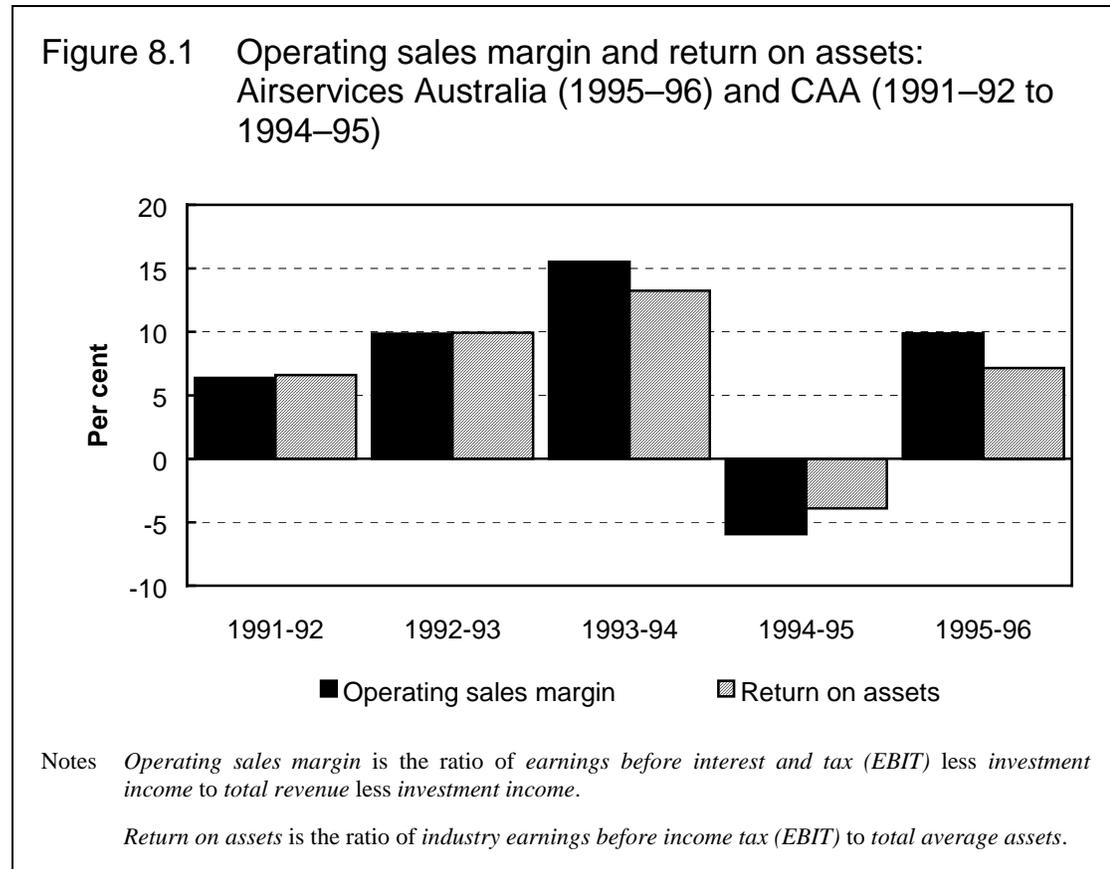
The financial performance of Airservices Australia during 1995-96 relates to the period from 6 July 1995 to 30 June 1996. Financial data prior to this relates to the operations of the CAA.

Airservices Australia recorded an operating profit of \$49 million before tax and abnormals in 1995-96 (CAA's profit was \$15 million in 1994-95).² Higher activity in both the domestic (8 per cent) and international (10 per cent) aviation markets was associated with an increase in revenue from the provision of airways services of 11 per cent. In the previous year, the CAA recorded an overall increase in activity of 13 per cent, although there was a decline of 11 per cent in the general aviation sector.

1 As at 1 July 1997, Airservices Australia's search and rescue responsibilities will be transferred to the Australian Maritime Safety Authority.

2 As a result of Airservices Australia's 1995-96 asset revaluation, there was a net reduction of \$3.1 million in asset values. This comprised an increase of \$4 million for buildings, credited to balance sheet reserves, and a revaluation downwards of \$7.1 million for other assets, which Airservices Australia charged as an abnormal expense.

Airservices Australia recorded an operating sales margin of 9.9 per cent and a return on assets of 7.1 per cent (see Figure 8.1).



In 1995–96, Airservices Australia marginally reduced its charges to the aviation industry for the provision of its airways services (1.7 per cent in real terms). Since 1991–92, the real price of airways services has declined by 38.5 per cent. Most of this decline occurred between 1991–92 and 1993–94 (see Figure 8.2).

Figure 8.2 Real prices: Aircservices Australia (1995–96) and CAA (1991–92 to 1994–95)



8.2 Australian National Line

The principal activity of the Australian National Line (ANL) Limited throughout the year was the provision of international liner cargo shipping and transport services. ANL also operates a specialised bulk shipping business around Australian waters, participates in landbased transport related services, and has a controlling investment in ASP Ship Management.

Over 80 per cent of bulk cargo is shipped by bulk carriers operated by users to service in-house needs. ANL is one of a number of independent operators shipping the remainder of bulk cargo and most of the non-bulk cargo.

Australian coastal shipping is protected by cabotage. Cargo transported around the Australian coast must be carried by licensed ships unless such a ship is unavailable.³ In these circumstances, single voyage permits (SVPs) and continuing voyage permits (CVPs) can be issued to unlicensed foreign-flag ships. An available licensed vessel must be used even if an unlicensed vessel offering lower rates or better service is available. In 1995–96, foreign-flag ships holding SVPs carried 7 per cent of the total tonnage of coastal cargo. As at June 1996, no CVPs had been issued.

3 Licences are subject to the condition that crews be paid Australian wage rates while engaged in coastal trades and that the ships are not in receipt of foreign government subsidies.

ANL's international operations are predominantly in North-East, and South-East Asia. During 1995–96, it ceased to operate in the European trade.

ANL was corporatised in 1989. Although an intention to sell a substantial part of ANL was announced during 1991–92, as at June 1996 a sale had not occurred.

Policy initiatives

On 30 November 1995, ANL was restructured in preparation for its future sale. As part of the restructure, the following took place:

- On 31 December 1995, ANL withdrew from its loss making shipping trade between Australasia and Europe and sold the vessel it operated in that service;
- In December 1995, ANL disposed of its 50 per cent shareholding in Coastal ExpressLine Pty Ltd, which operated across Bass Strait;
- As of 1 February 1996, ANL disposed of its assets and business in MESCO, its container park operation in Brisbane; and
- ANL commenced the first phase of its rationalisation of corporate structures and staffing.

Financial performance

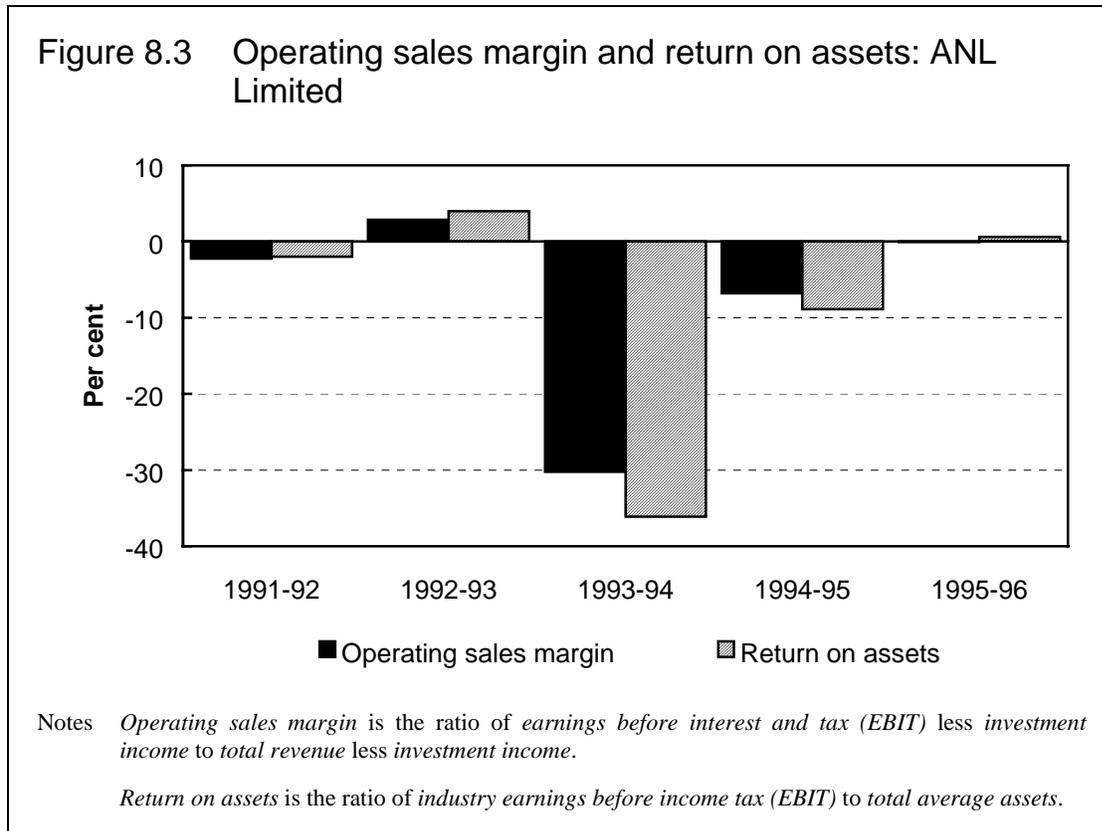
In 1995–96, ANL reported a loss, before abnormal items and income tax, of \$11.0 million. ANL reports that this result reflects the continuing difficult trading conditions in international container shipping (ANL 1996). However, this loss was almost half that recorded in the previous year. The major factor that led to this large reduction was the receipt of \$22.9 million in proceeds from asset sales and a decline in its operating expenses of 17.5 per cent.

ANL experienced a 12.8 per cent decrease in operating revenue during the year. This decrease was primarily due to a 19.3 per cent decline in revenue from trading operations, resulting from ANL's departure from the European trade.

ANL's *operating sales margin* was close to zero in 1995-96 (minus 6.8 per cent in 1994–95). However, there has been a significant improvement since 1993–94 (see Figure 8.3). Last year's improvement can be linked to the restructuring, withdrawal from loss-making trades and the disposal of assets, resulting in a reduction in operating expense.

Movements in ANL's return on assets closely followed changes in its operating sales margin. In 1995–96, ANL's return on assets was just above zero, at 0.6 per cent (minus 8.9 in 1994–95) (see Figure 8.3). The improved result reflects

ANL's asset sales which reduced *average total assets* proportionately more than *earnings before interest and tax (EBIT)*.



8.3 Australia Post

Australia Post provides letter and parcel delivery services. It sells postal related items and is a major provider of third party agency services. The organisation also provides an over-the-counter bill payment service.

The articles delivered by Australia Post can be classified into directed messages, broadcast messages, parcels and small freight, and international mail.

The directed messages market encompasses the processing and delivery of addressed letters, newspapers, magazines, catalogues and leaflets. The market is serviced principally by Australia Post, but also by document exchanges, letterbox distributors, and couriers. It has become increasingly competitive through regulatory change and the advent of new technology.

Under the *Australian Postal Corporation Act 1989*, Australia Post has statutory protection over the carriage of letters within Australia, and between Australia and overseas. However, amendments to the Act in December 1994 widened the scope for competition in the delivery of letters specifically,

- The weight and price thresholds for competition were reduced from 500 to 250 grams and from 10 times to 4 times the standard letter rate.
- The operation of document exchange networks was formally recognised by allowing the movement of documents within an exchange service.
- The carriage of bulk letters between cities for lodgement at specified mail centres was deregulated. The letters are on-delivered by Australia Post at a reduced rate, with the discount based on the average transport costs avoided by Australia Post.

The 1994 amendments also reduced Australia Post's monopoly over international mail. Although the delivery of international mail within Australia continued to be reserved for Australia Post, the carriage of mail into, and out of, Australia was deregulated.

Australia Post has a number of statutory Community Service Obligations (CSOs). For example, it must provide an Australia-wide, uniform-priced letter service which is reasonably accessible to all Australians and is provided at a standard which reasonably meets the needs of the Australian community. This CSO is funded by the acceptance of a reduced rate of return and by cross-subsidisation between the more profitable city routes and rural and remote areas.

Australia Post competes against private deliverers of broadcast messages (unaddressed material such as catalogues and brochures) and also against private couriers in the parcels and small freight market.

All deliverers of printed messages are facing increased indirect competition from electronic services such as telephones, facsimile machines, and electronic data interchange facilities. In 1996, Australia Post accounted for less than a sixth (16 per cent) of the message market — compared with 60 per cent in 1960 — while electronic transmission of messages accounted for 70 per cent.

Non-mail services account for about 12 per cent of Australia Post's revenue. It competes with newsagents and others in the sale of postal related items, and against banks in the provision of facilities for the payment of bills.

In response to the deregulation of carriage of bulk mail for lodgement at specified mail centres, Australia Post introduced a form of third party access in February 1995, called *PreSort*, which offers various discounts on partially pre-sorted bulk mail delivered to specified mail centres. In 1995–96, *PreSort* letter

volumes increased by 9 per cent during the year, significantly contributing to overall letter growth.

In 1995–96, Australia Post’s reserved services accounted for 52.2 per cent of revenues. However, these services only accounted for 38.6 per cent of profits, because of the higher expenses incurred in its reserved operations compared to non-reserved. Non-reserved services also provided a higher return on assets, 19.7 per cent, compared to 11.5 per cent for reserved services.

The prices which Australia Post charges for its reserved services, including *PreSort*, are subject to scrutiny by the Australian Competition and Consumer Commission. The standard letter rate has been 45 cents since January 1992.

Policy initiatives

There were no policy initiatives that specifically related to Australia Post in 1995–96.

Financial performance

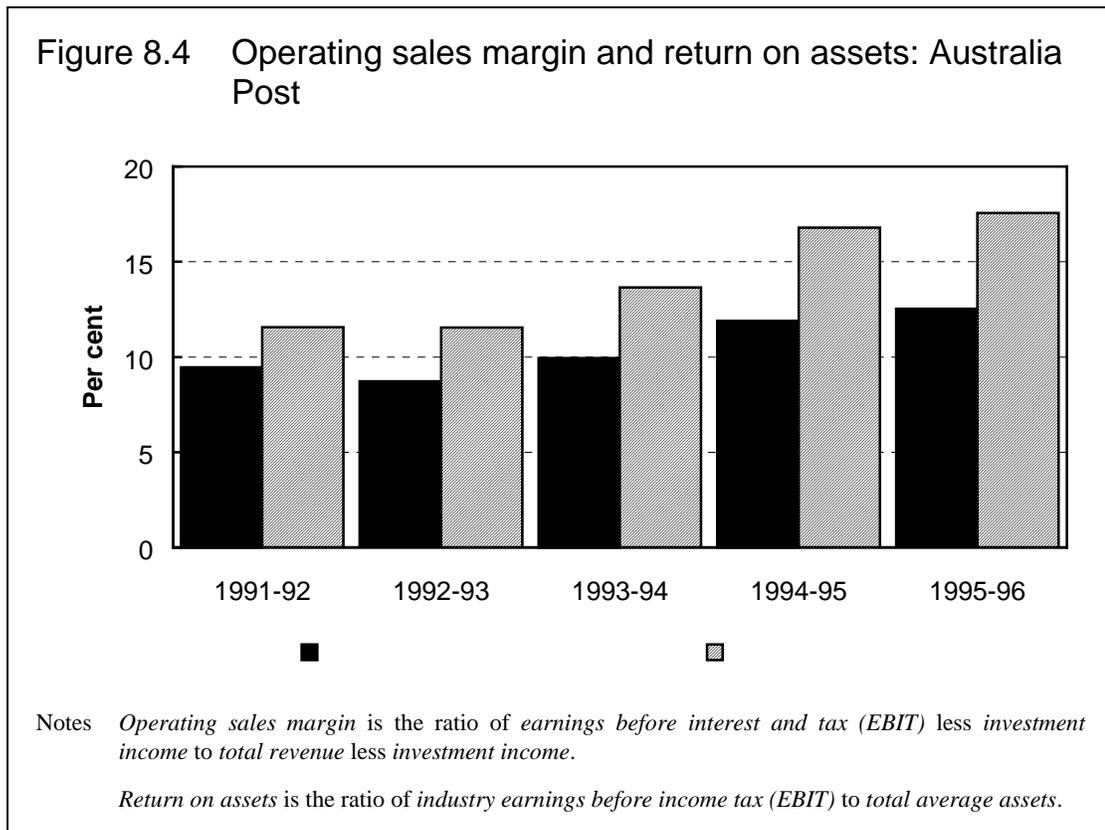
In 1995–96, Australia Post recorded an operating profit, before abnormals and tax, of \$344.1 million (\$331.6 million in 1994–95). Revenue from operations increased by 5.6 per cent, mainly as a result of increased revenue from mail services associated with a 5.7 per cent increase in mail articles handled during the year. By comparison, operating expenses increased by 5.1 per cent during the same period due to an increase in labour and related expenses. Australia Post’s operations continue to be labour intensive with labour and related costs accounting for nearly 60 per cent of total operating expenses.

Australia Post declared a \$142.6 million dividend to the Commonwealth Government, an increase of 18.8 per cent on the previous year. This dividend was equivalent to 60 per cent of the after-tax profit. Australia Post incurred \$306 million in Commonwealth and State taxes and charges, 20.5 per cent higher than last year. It also made a capital repayment of \$75 million to the Commonwealth Government.

In 1995–96, Australia Post recorded an operating sales margin of 12.5 per cent, slightly higher than the previous year (11.9 per cent in 1994–95). The increased profitability reflects continued growth in revenue from mail services. Australia Post’s operating sales margin has increased steadily since 1992–93 from 8.7 per cent (see Figure 8.4).

Australia Post achieved a 17.6 per cent return on assets during 1995–96, with total assets valued at \$2.2 billion. Return on assets was slightly higher than the previous year (16.8 per cent in 1994–95). Australia Post has recorded

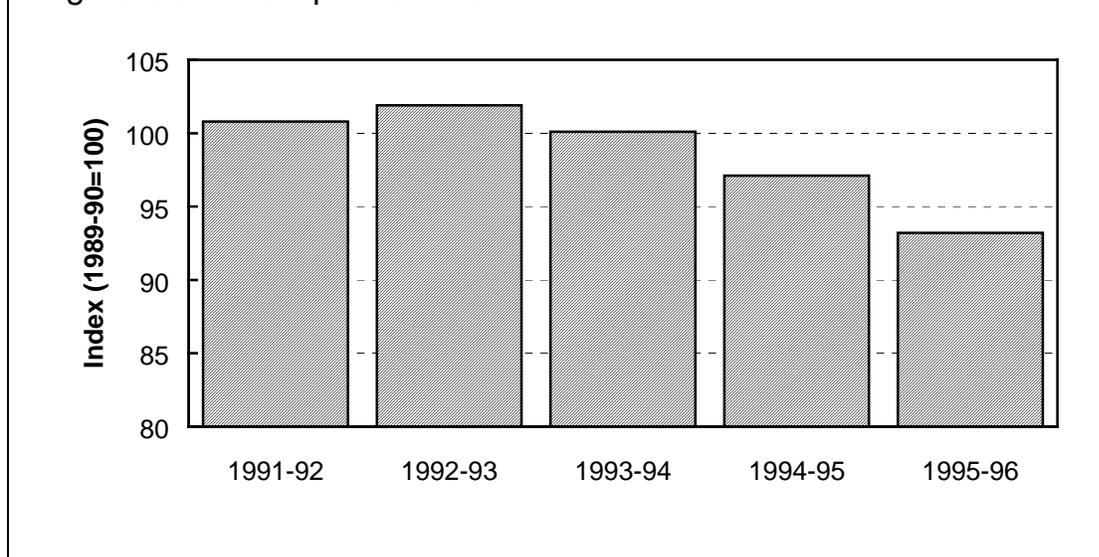
successive increases in return on assets since 1992–93 (see Figure 8.4). This trend is due to the higher growth recorded in *EBIT* relative to the growth in Australia Post's *average total assets*. In the last five years, the organisation's *EBIT* increased by 62 per cent compared with *average total assets*, which increased by 7 per cent.



The 45 cent price freeze on standard letters since January 1992 has been extended until June 1998. Last year, in real terms, the price of posting a standard letter decreased by 4.0 per cent. Since 1991–92, the real price of posting a standard letter has decreased by 7.5 per cent. Hence, most of the real gains to consumers have occurred in the last two years (see Figure 8.5).

Australia Post is Australia's seventh largest employer. In 1995–96 the number of employed persons increased by 1274 persons or 3.4 per cent to total 38 519 full-time equivalent employees. This reversed a trend of declining employment since 1990–91. Overall, current employment levels are slightly lower than they were five years ago.

Figure 8.5 Real prices: Australia Post



Service performance

Australia Post reports that, in 1995–96, the cost of providing its CSOs was \$72 million (\$65 million in 1994–95). This estimated cost has continued to rise over the last five years, increasing by 38.5 per cent.

Legislation requires Australia Post to provide a postal service that reasonably meets the needs of the Australian community. In 1995–96, Australia Post delivered 93.2 per cent of domestic standard letters on time (93.6 per cent in 1994–95). This slight decline in Australia Post’s performance was due to two main factors: processing capacity became saturated in New South Wales and Victoria, and congestion at Sydney Airport. The delivery rate is nearly 3 percentage points lower than it was five years ago. In 1995–96, Australia Post delivered 99.6 per cent of its Express Post envelopes and satchels on time.

In addition, Australia Post must provide an Australia-wide, uniform-priced letter service which is reasonably accessible to all Australians. In 1995–96, there were 6.3 postal outlets per 10 000 residents in metropolitan areas. This rate was more than double that for rural residents and three times that for residents living in remote areas (see Table 8.2). The postal facilities rate was considerably higher for metropolitan areas, at 9.2 per 10 000 residents. However, the number of posting facilities for residents of rural and remote areas was only slightly higher than the number of postal outlets. In addition, the average distance of a postal outlet per household was 1.9 km in metropolitan areas. In comparison, on average, residents in rural areas had to travel 3.3 km to post a letter, while

people in remote areas had to travel four times the distance travelled by their rural counterparts.

Table 8.2 Posting facilities, 1995–96.

	<i>Metro Areas</i>	<i>Rural Areas</i>	<i>Remote Areas</i>	<i>Total</i>
Comparative access measures				
Outlets per 10,000 residents ^a	6.3	14.8	18.1	8.9
Posting facilities per 10,000 residents ^b	9.2	15.0	19.0	11.0
Distance from postal outlets				
Average per household (km)	1.9	3.3	12.4	2.6

Source Australia Post, annual report 1996.

a Based on estimated resident population and extrapolated growth rates as published by the Australian Bureau of Statistics.

b Does not include access to posting provided through postal delivery officers.

In 1995–96, of the 2.2 million households to which Australia Post delivered mail in rural and remote areas, approximately 94 per cent received five deliveries per week. The remaining six per cent received deliveries between one and four times per week (see Table 8.3).

Table 8.3 Frequency of service to delivery points, 1995–96.
(Per cent of total delivery points)

	<i>Metro Areas</i>	<i>Rural Areas</i>	<i>Remote Areas</i>	<i>Total</i>
Frequency per week				
One per week	0.0	0.1	1.5	0.1
Two to four	0.2	5.0	5.1	1.6
Five or more	99.8	94.9	93.4	98.3

Source Australia Post, annual report 1996.

In 1995–96, a quarterly survey of customer satisfaction levels found that 92 per cent of customers recognised a recent improvement in the organisation's performance. This figure was 2 per cent higher than the results obtained from the previous year's survey.

In 1995–96, a study into consumer behaviour in Australia found that Australia Post recorded only one complaint for every 10 000 mail articles handled.⁴

8.4 Federal Airports Corporation

The Federal Airports Corporation (FAC) owns, operates and is responsible for developing 22 of Australia's major international, regional and general aviation airports. Its core businesses include both aeronautical and non-aeronautical activities. FAC is not subject to competition in its aeronautical activities, such as the provision of airport infrastructure. Limited competition exists for some of its non-aeronautical activities — for example, leasing space in airport terminals for trading and retail outlets.

FAC has operated on a commercial basis since it began operations in 1988. It is required to earn a target rate of return on assets (before interest and tax) of 7.5 per cent in real terms.

In September 1995, it was announced that location and service specific pricing, rather than FAC's network pricing regime, would operate at all FAC controlled airports in 1996. These changes aim to eliminate cross-subsidisation of services between airports. Charges under the previous system applied across a wide range of airports, although there was some differentiation between groups of airports and categories of aircraft. In many cases, aeronautical charges did not cover the full cost of providing aeronautical activities, with revenue from non-aeronautical activities covering the shortfall. Changes in aeronautical charges must meet with Ministerial approval and are monitored by the Australian Competition and Consumer Commission. Non-aeronautical charges are not subject to scrutiny.

Policy initiatives

In April 1996, the FAC adopted a new organisational structure in preparation for the planned sale of airports on an individual basis. The FAC reports that it focuses most of its attention on the Melbourne, Brisbane and Perth airports, which the government plans to sell in 1997 as part of its first round of sales. The FAC changed airport management from a centralised structure to stand-alone operations. For example, the FAC introduced internal boards for Sydney, Melbourne, Brisbane, Perth and Adelaide airports. The purpose was to devolve responsibility for corporate governance and to provide airport management with

4 *Study of Consumer Complaint Behaviour in Australia* by the Society of Consumer Affairs Professionals in Business Australia.

experience in working to a independent board. Individual airports have now been given the responsibility for setting aeronautical charges and debt collection.

Financial performance

In 1995–96, the FAC recorded an operating profit before abnormals and taxes of \$160.5 million (\$128.3 million in 1994–95). This was 25.1 per cent higher than the previous year. The increase in profitability reflects the higher growth recorded in revenues than expenditure, 14.6 and 11.1 per cent respectively. The higher revenue growth was achieved on passenger volume growth of 7.3 per cent and revenue growth in commercial services, such as duty-free shopping, car parking and retailing, of 20.1 per cent. Almost 60 per cent of the growth in expenditure is attributable to depreciation, resulting from the addition of new assets as part of the capital expenditure program over the last four years.

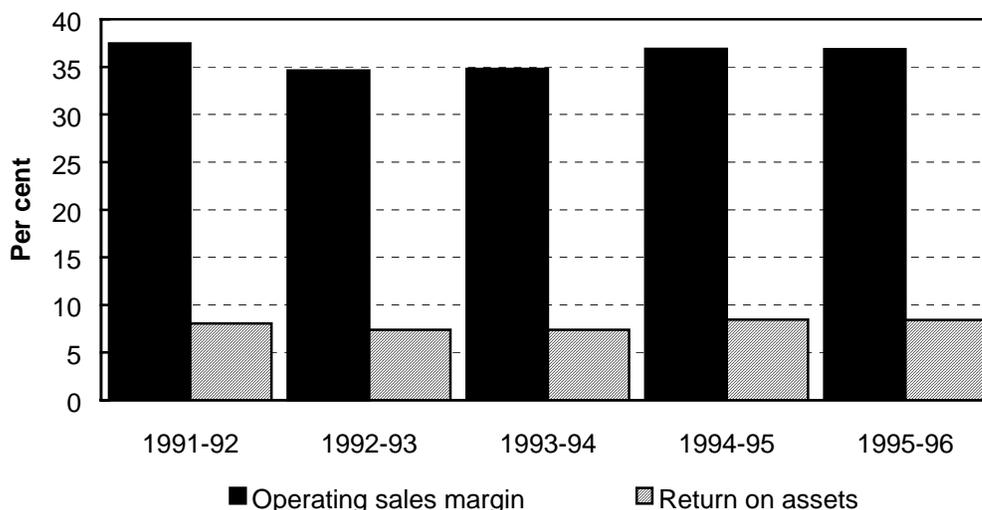
Sydney Airport was the largest contributor to FAC's profits during the year, accounting for more than half of the organisation's operating profit. Of the 22 other airports owned by the FAC, 13 were profitable during 1995–96. This is double the number that were profitable five years ago. The nine unprofitable airports recorded substantial decreases in their losses.

The FAC increased dividend payments to its shareholder, the Commonwealth Government, to \$23 million in 1995–96 (\$19 million in 1994–95).

The operating sales margin has remained high, but stable, at 36.9 per cent since 1994–95, having changed little over the last five years (see Figure 8.6).

Despite the strong increase in operating profit, the FAC's return on average assets has remained flat at 8.4 per cent since 1994–95 (see Figure 8.6). A major contributing factor was the FAC's capital expenditure program over the last four years, which added \$1.5 billion in new assets and substantially increased depreciation expense. In addition, a revaluation of land, building and runway assets resulted in a \$633 million increase during the year.

Figure 8.6 Operating sales margin and return on assets: Federal Airports Corporation



Notes *Operating sales margin* is the ratio of *earnings before interest and tax (EBIT) less investment income* to *total revenue less investment income*.

Return on assets is the ratio of *industry earnings before income tax (EBIT)* to *total average assets*.

FAC's landing charges have not increased since April 1991, representing a considerable decline in the real price of aviation charges. The FAC's aeronautical charges are low by world standards (BIE, 1995).

8.5 Telstra Corporation

With \$24 billion worth of assets and revenue of \$15 billion, Telstra is by far the largest GTE covered by this report.⁵

It is a fully vertically integrated provider of telecommunications products and services. These services are recognised by AUSTEL (1995) — the industry regulator — as belonging to five broad product groups, namely:

- access and local calls together with some local exchange functions;
- long distance domestic calls;
- international calls;
- public mobile telecommunication services; and
- sundry (that is, all other services).

⁵ Assets as at 30 June 1996, revenue for 1995–96.

The reforms introduced in the *Telecommunications Act 1991* for the July 1991 to June 1997 period were designed to promote network competition and improve efficiencies within the industry. However, competition has not developed uniformly across all segments of the industry.

For most practical purposes Telstra currently has a monopoly in the local calls market. Although it is licensed to provide local calls, the second fixed network carrier, Optus, did not offer this service as at June 1996.

International and domestic long-distance telecommunications services are provided by Telstra, Optus, other service providers, and call back operators.⁶ However, as at June 1996, Telstra was deemed by AUSTEL to be dominant in both markets.⁷

The public mobile telecommunications services market is serviced by Telstra, Optus, and Vodafone. Telstra and Optus offer analogue mobile services and all three carriers operate digital networks.⁸ 1995–96 was Telstra's first year of management of the internet, one of the fastest growing areas of telecommunication services.

The 1991 regulatory reforms for the telecommunications industry included 'competitive safeguards' which were designed to foster the entrance of the new competitors. The powers of AUSTEL were extended and strict controls over the pricing and conduct of Telstra were introduced.

Two sets of price control arrangements applied during the 1995–96 financial year. The price cap constraint applying to Telstra for the six month period from July to December 1995 was adjusted to reflect a half year period. Accordingly, Telstra was subject to an overall constraint of CPI/2 minus 2.75 per cent. New arrangements came into effect from 1 January 1996 to 31 December 1998 which included an overall price cap of CPI minus 7.5 per cent. In addition, the new arrangements included individual price sub-caps of CPI minus 1 per cent on residential services and international calls. The price ceiling of 25 cents for untimed local calls and 40 cents for local calls made from pay-phones was retained.

As the designated universal service carrier, Telstra is required to provide reasonable access for all Australians, on an equitable basis, to the standard telephone service and pay phones. This CSO imposes costs on Telstra, to which

6 Call back operators provide international calls only.

7 AUSTEL concluded in August 1995 that Telstra remained in a position to dominate the international services market.

8 Optus re-sells capacity on Telstra's analogue mobile network.

the other two carriers contribute via the Universal Service Obligation Levy Trust Fund.

The benchmark dividend payout ratio, after-tax, for most Commonwealth GTEs was raised to 60 per cent in the 1995–96 Budget. Telstra's benchmark dividend payout ratio, after-tax, was set at 55 per cent plus special dividend payments for the 1995–96 and 1996–97 financial years, rising to 60 per cent in 1997–98.

Financial performance

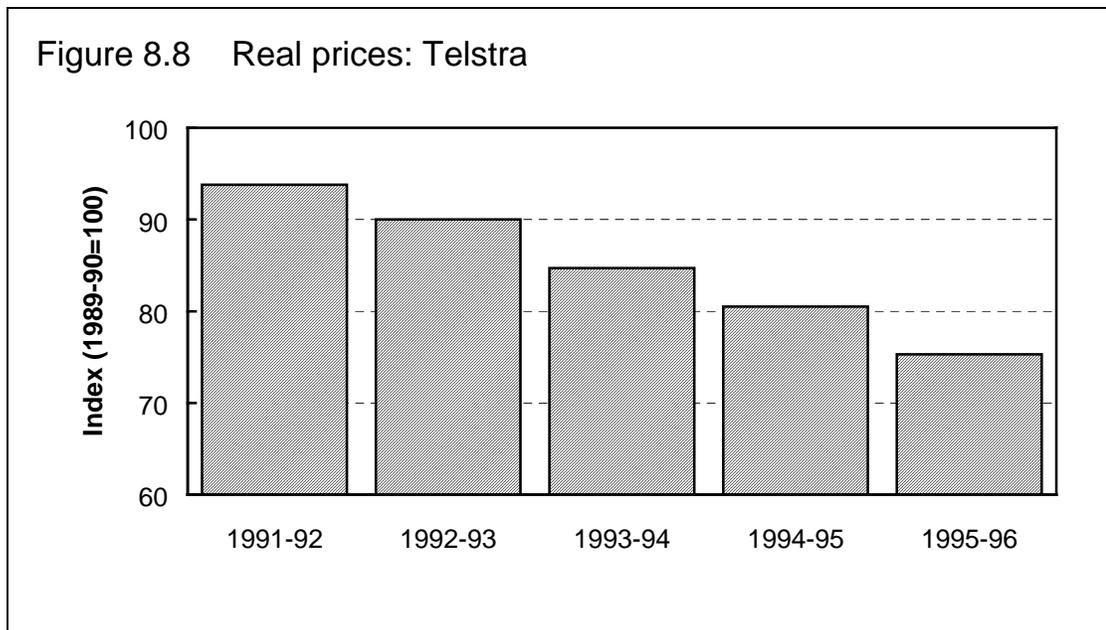
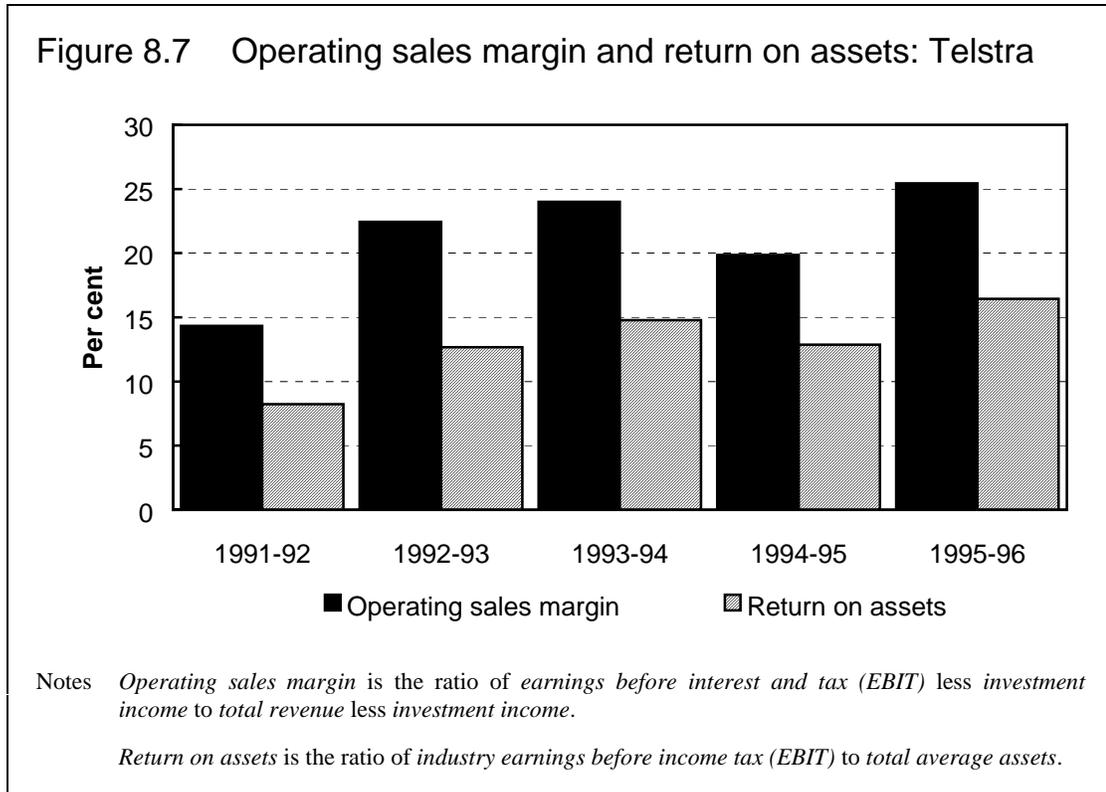
Telstra's operating income before abnormals and taxes was \$3242.1 million in 1995–96. This result was 9.1 per cent higher than the previous year (\$2972. million in 1994–95). The increased profitability was due to a 8.1 per cent increase in sales revenue while operating expenses remained flat increasing by only 1.0 per cent.

In 1995–96, Telstra's payments to all governments, including tax, interest and dividends increased by 19.7 per cent to total \$3270 million. Of these payments, Telstra paid the Commonwealth Government a dividend of \$1368 million, 44.9 per cent higher than the previous year.

Telstra recorded an operating sales margin of 25.4 per cent in 1995–96 (19.9 per cent in 1994–95). It was also the highest sales margin recorded in the last five years, surpassing the 24.0 per cent margin recorded in 1993–94 (see Figure 8.7). The increasing trend over the last five years reflects growth in *EBIT* due to growth in sales revenues relative to expenses.

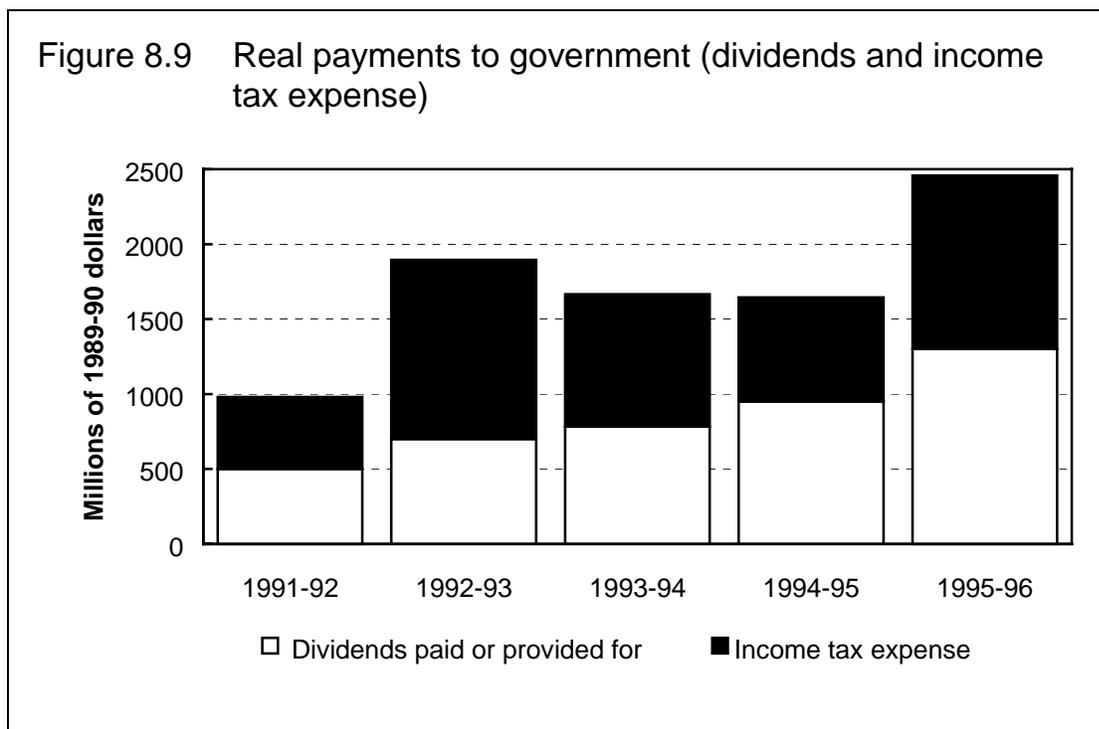
In 1995–96, Telstra's return on assets was 16.4 per cent (12.9 per cent in 1994–95), which was marginally higher than the previous year and double the figure recorded in 1991–92 (see Figure 8.7). The higher returns over the long run are due to stronger growth in *EBIT* relative to growth in *average total assets* which only increased by 7 per cent since 1991–92.

The average weighted real price of Telstra's services decreased by 6.5 per cent in 1995–96. This result is in line with price declines over the last five years, during which the real price of Telstra's services decreased by 20.2 per cent (see Figure 8.8). In February 1996, Telstra reduced the price for several services, particularly for STD, business services and ISDN, and simplified its Flexi-Plan packages.



8.6 Real payments to government

In 1995–96, total real payments (income tax and dividends) to the Commonwealth government by the GTEs covered were \$2458 million.⁹ These payments were 49.5 per cent higher than the previous year and over two and half times the amount paid to the government five years ago (see Figure 8.9).



Real dividend payments to the government accounted for just over half the total payments in 1995–96, at \$1301 million. These payments increased 36.8 per cent over the previous year and 160.2 per cent since 1991–92.

Most of the growth in total payments in 1995–96 was due to strong growth in real income tax expense. This was \$1157 million in 1995–96, 60.9 per cent higher than the previous year. Real income tax expense increased by 141.0 per cent during the last five years.¹⁰

⁹ For the purpose of this Report, *total payments to government* includes dividends and income tax, but not sales tax or other payments to government which the GTEs covered are required to make.

¹⁰ GTEs use tax effect account accounting and record income tax expense incurred during the period. The amounts actually paid during the period under review will usually differ from income tax expense, because of timing effects.

Historically, Telstra has accounted for the bulk of payments to government by monitored GTEs. In 1995–96, Telstra made up 86 per cent of total payments to government (78 per cent in 1991–92) valued at \$2116 million.

Appendix 8A Data

Table 8A.1 Operating sales margin (per cent)

<i>GTE</i>	<i>1991–92</i>	<i>1992–93</i>	<i>1993–94</i>	<i>1994–95</i>	<i>1995–96</i>
Airservices Australia	6.4	9.8	15.5	-5.9	9.9
ANL Limited	-2.2	2.9	-30.2	-6.8	-0.1
Australia Post	9.5	8.7	9.9	11.9	12.5
Federal Airports Corporation	37.5	34.6	34.8	36.9	36.9
Telstra Corporation	14.3	22.4	24.0	19.9	25.4

Notes *Operating sales margin* is the ratio of *earnings before interest and tax (EBIT)* less *investment income* to *total revenue less investment income*.

Table 8A.2 Return on assets (per cent)

<i>GTE</i>	<i>1991–92</i>	<i>1992–93</i>	<i>1993–94</i>	<i>1994–95</i>	<i>1995–96</i>
Airservices Australia	6.6	9.9	13.2	-3.9	7.1
ANL Limited	-2.0	4.0	-36.1	-8.9	0.6
Australia Post	11.6	11.5	13.6	16.8	17.6
Federal Airports Corporation	8.1	7.4	7.4	8.4	8.4
Telstra Corporation	8.2	12.7	14.8	12.9	16.4

Return on assets is the ratio of *industry earnings before income tax (EBIT)* to *total average assets*.

Table 8A.3 Real Price Index

<i>GTE</i>	<i>1991–92</i>	<i>1992–93</i>	<i>1993–94</i>	<i>1994–95</i>	<i>1995–96</i>
Airservices Australia	97	84	68	60	60
ANL Limited	n.p.	n.p.	n.p.	n.p.	n.p.
Australia Post	101	102	100	97	93
Federal Airports Corporation	n.p.	n.p.	n.p.	n.p.	n.p.
Telstra Corporation	94	90	85	81	75

Table 8A.4 Real payments to government (dividends and income tax expense) (millions of 1989–90 dollars)

<i>GTE</i>	<i>1991–92</i>	<i>1992–93</i>	<i>1993–94</i>	<i>1994–95</i>	<i>1995–96</i>
Real dividends paid or provided for					
Airservices Australia	3	15	25	-	9
ANL Limited	-	-	-	-	-
Australia Post	47	57	82	105	120
Federal Airports Corporation	5	7	7	17	19
Telstra Corporation	445	622	668	829	1 152
<i>All real dividends paid or provided for</i>	<i>500</i>	<i>701</i>	<i>782</i>	<i>951</i>	<i>1 301</i>
Real tax equivalents					
Airservices Australia	20	26	22	-12	21
ANL Limited	-6	15	-	-	n.p.
Australia Post	94	95	79	87	110
Federal Airports Corporation	50	54	37	48	62
Telstra Corporation	321	1 005	746	570	964
<i>All real tax equivalents</i>	<i>480</i>	<i>1 195</i>	<i>884</i>	<i>693</i>	<i>1 157</i>
Total real payments to government	980	1 896	1 666	1 644	2 458

9 PERFORMANCE AT THE NATIONAL AND JURISDICTIONAL LEVEL

Key results 1995–96

- **There was a modest increase in profitability ...**
Operating sales margin increased to 21.2 per cent (from 19.1 per cent in the previous year).
- **... despite real prices falling once again.**
Real prices fell over 5 per cent in 1995–96.
- **Real payments to government increased substantially.**
Dividends and income tax equivalent expense increased by over 40 per cent to almost \$5 billion (1989–90 dollars). The electricity industry and Commonwealth GTEs together contributed a total of approximately \$4 billion in 1995–96.
- **Not all industries showed improved financial performance.**
There was a significant deterioration in the profitability of the urban transport industry. Most other industries showed little change.
- **Service quality changed little.**
However, results are uneven with some segments of GTEs operations showing improvement.

9.1 Australia-wide results

In this section the aggregate performance of all monitored GTEs between 1991–92 and 1995–96 is documented. The performance indicators discussed are *real revenue*, *operating sales margin*, *return on assets*, *real prices*, *real payments to government* and *the composition of total assets*.

Real Revenue

In 1995–96, total *real revenue* of monitored GTEs remained steady at approximately \$38.8 billion (see Figure 9.1). Changes in this indicator reflect changes in sales volume rather than prices.

Since 1991–92, Telstra has consistently accounted for over 30 per cent of the total real revenue of monitored GTEs.

Profitability

Aggregate profitability, as measured by the *operating sales margin*, showed a modest increase from 19.1 per cent to 21.2 per cent in 1995–96 (see Figure 9.2).¹ Not all industries improved their profitability in 1995–96 — the urban transport industry reported a fall in its operating sales margin (see Table 9A.1). The overall increase was largely the result of an improvement in the operating sales margin of Telstra, which increased to over 25 per cent (from 20 per cent in 1994–95).

Between 1991–92 and 1995–96, overall profitability remained stable despite asset revaluations, the influence of regulatory bodies as well as the removal of impediments to competition in the markets supplied by many GTEs. Finally, GTEs which have undergone changes, such as corporatisation or disaggregation, may have incurred some additional costs in the process, at least in the short term.

Return on Assets

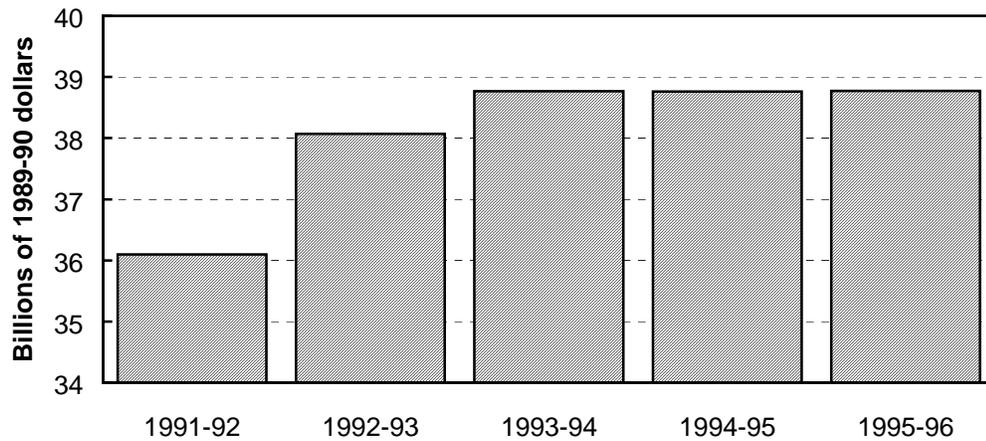
The *return on assets* in 1995–96 rose slightly from 6.2 per cent to 6.9 per cent (see Figure 9.3 and Table 9A.2). This increase was largely due to an increased return on assets recorded by Telstra and Australia Post.

Real Prices

The average *real price index* fell over 5 per cent in 1995–96, and there were reductions in the average real prices in all industries (see Figure 9.4 and Table 9A.3).

1 The operating sales margin captures the relationship between operating profit and revenue. Variations between industries do not necessarily imply differences in overall profitability.

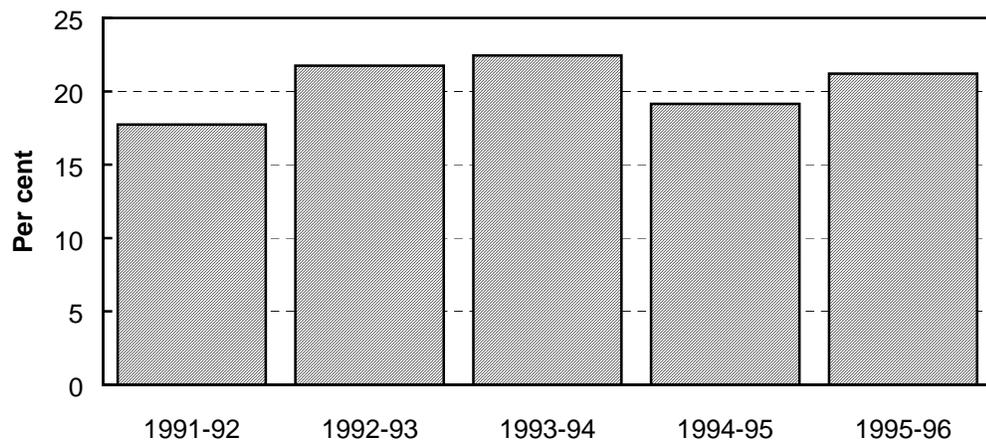
Figure 9.1 Real revenue



Notes *Real revenue* is calculated by deflating each GTE's *total revenue* by the *State price index* in which each GTE operates.

Excludes Gosford City Council (Water), Gold Coast Water, Victorian Power Exchange, PowerNet Victoria.

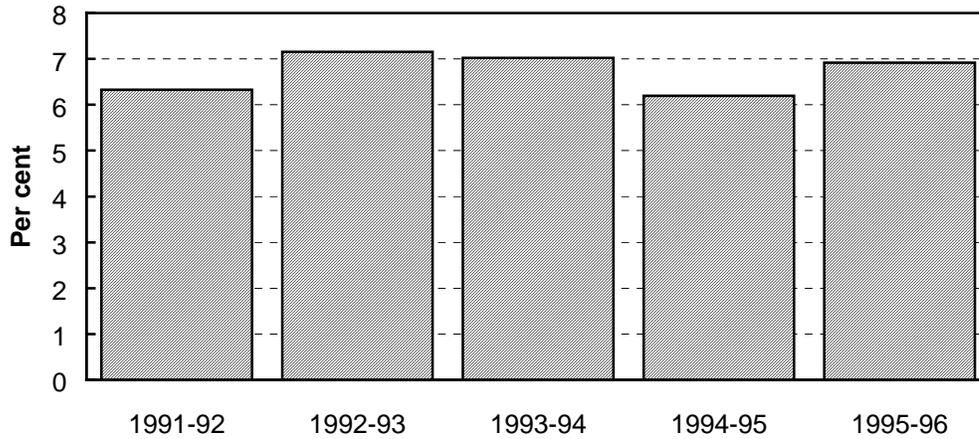
Figure 9.2 Operating sales margin



Notes The *average operating sales margin* is the ratio of all GTE *earnings before interest and tax (EBIT)* less *total GTE investment income* to *total GTE revenue* less *total GTE investment income*.

Excludes Gosford City Council (water), Gold Coast Water, Victorian Power Exchange, PowerNet and Snowy Mountains Hydro-Electric Authority.

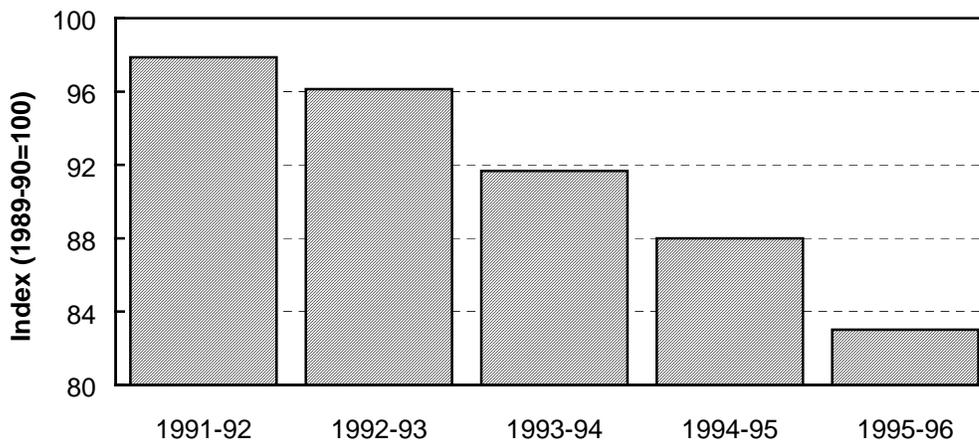
Figure 9.3 Return on assets



Notes *Return on assets* is the ratio of total GTE earnings before income tax (EBIT) to total GTE average assets.

Excludes Gosford City Council (Water), Gold Coast Water, Victorian Power Exchange, PowerNet and Snowy Mountains Hydro-Electric Authority.

Figure 9.4 Real Prices



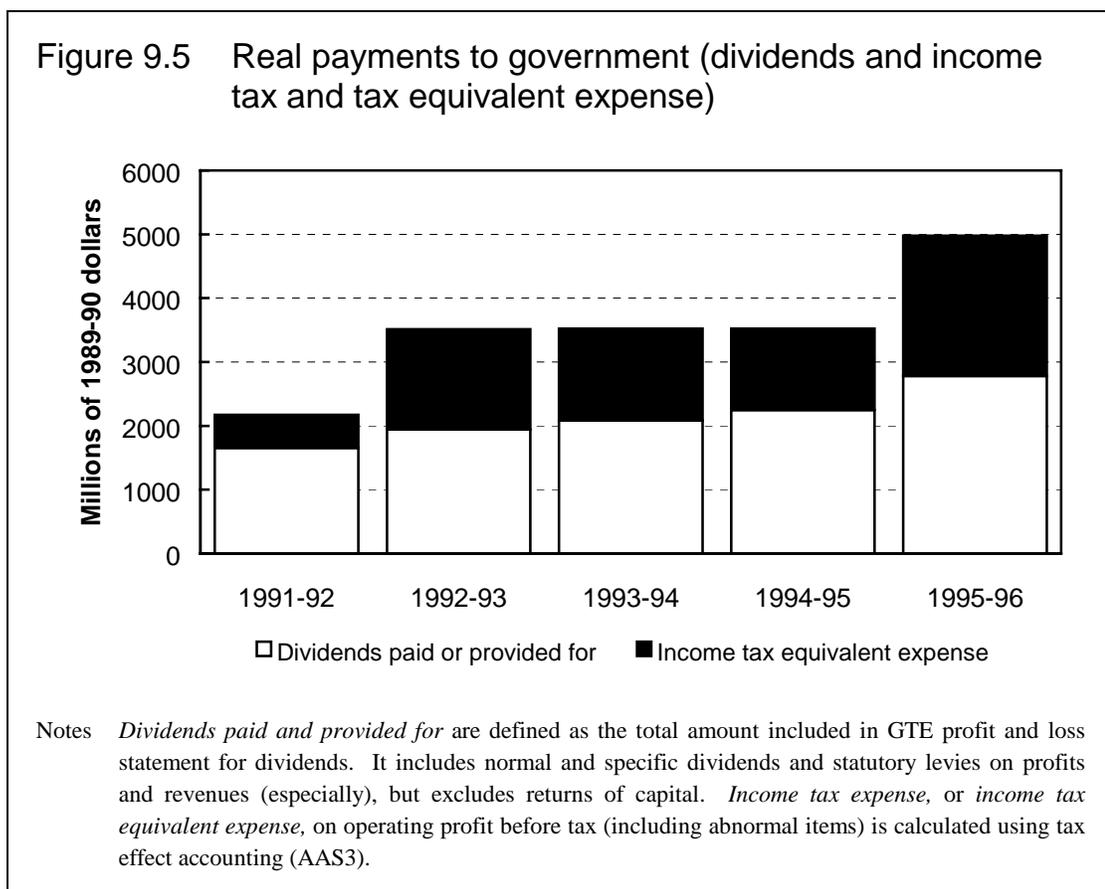
Notes The *average real price index* is calculated as the weighted average of the individual measures, with weights corresponding to each GTE's share in *aggregate total revenue*.

Excludes AlintaGas, National Rail Corporation, Fremantle Port Authority, Victorian Channels Authority, Melbourne Ports Authority, ANL Limited, Federal Airports Corporation, Delta Electricity, Macquarie Generation, Pacific Power, TransGrid, PowerNet, Victorian Power Exchange and Snowy Mountains Hydro-electric Authority.

Since 1991–92, the average real price index has fallen by around 15 per cent. Changes in the overall index, however, are mainly a reflection of the reduction in prices of the electricity industry and the two main Commonwealth GTEs, Telstra and Australia Post. This is because the electricity industry, Telstra and Australia Post account for over two thirds of the aggregate total revenue which is used to weight each industries' real price index.

Shareholder's returns

Total payments to government, by way of dividends and income tax equivalent expense, increased in real terms by over 40 per cent to approximately \$5 billion in 1995–96 (see Figure 9.5 and Table 9A.4). This result was largely due to an increase in total real payments to the Government by Telstra. In 1995–96 Queensland Rail became the first rail GTE to make a dividend payment (\$166 million in current dollars).



Since 1991–92, the total amount payable to government by way of dividends and tax and tax equivalent expense has more than doubled. This reflects the emphasis now placed on *competitive neutrality*, where GTEs are required to make comparable dividend payments to their owners as they would in private hands, and pay all taxes and charges that private companies pay. Where the enterprise is owned by a State or Territory government, it is required to pay to the State or Territory the same income tax — known as *income tax equivalent* — as it would if subject to Commonwealth income tax.²

GTEs use tax effect accounting and record income tax equivalent expense — or, in the case of Commonwealth GTEs, income tax expense — incurred during the period. The amounts actually paid during the period under review will usually differ from income tax equivalent expense, because of timing effects. For example, the rate at which the Tax Commissioner permits an enterprise to write off an asset may differ from the schedule of depreciation the enterprise elects to use for accounting purposes. Although the total depreciation incurred over the life of the asset is the same for both tax and accounting purposes, in most years depreciation expense for tax purposes will differ from depreciation expense for accounting purposes, giving rise to timing differences.

In nominal dollars, the GTEs covered incurred \$2.6 billion in tax and tax equivalent expense during 1995–96. Income tax actually paid during the period was \$1.5 billion (see Table 9A.5 for a comparison between income tax and tax equivalent expense incurred and income tax paid in 1995–96).

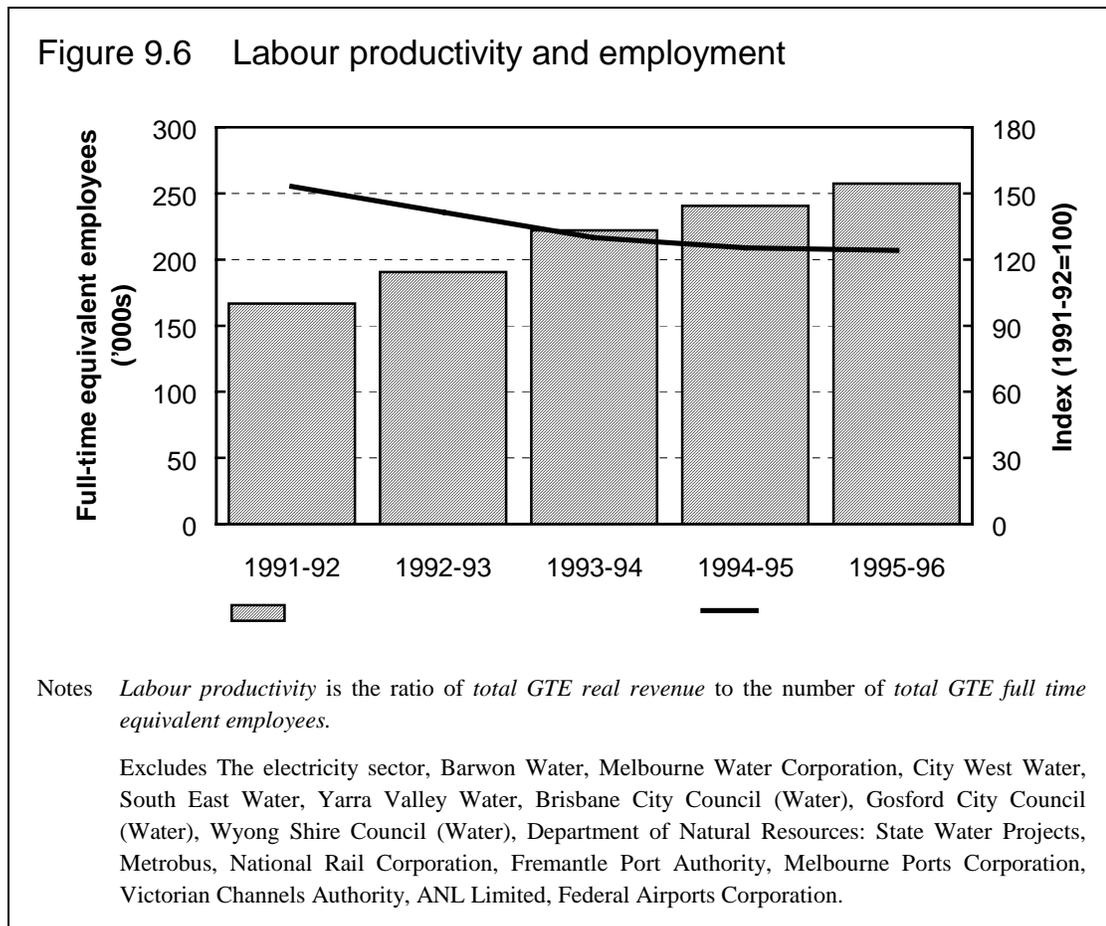
Productivity

Overall labour productivity (defined as real revenue per employee) is still rising. It increased by 7 per cent in 1995–96, and has increased by just over 54 per cent since 1991–92 (see Figure 9.6). Improvements in labour productivity were recorded in all industries, with the gas and water GTEs showing the most marked changes. Overall, the rate of growth in labour productivity has, however, slowed over the last two years (since 1993–94).

Associated with the continuing increase in labour productivity were continuing reductions in the total number of employees (1 per cent in 1995–96, and 7 per cent since 1991–92), and there were reductions in the overall labour force across all monitored industries. The rate of reduction of employment within the GTEs covered has slowed over the last two years.

2 GTEs are also required to pay sales tax equivalents. However, for the purpose of this report, *total payments to government* includes dividends and income tax (in the case of Commonwealth GTEs) and income tax equivalents (in the case of Commonwealth GTEs), but not sales tax equivalents or other payments to government.

Changes in labour productivity, as an indicator of changes in efficiency, has some limitations. First, where an increase is associated with a reduction in employment, it is difficult to be sure that it represents a genuine increase in labour productivity rather than an expansion in contracting out. Second, labour productivity takes into account only labour inputs. For example, if capital is substituted for labour, all other things being equal, the indicator *labour productivity* will show an improvement, even though overall productivity — taking into account the total cost of all inputs — may be unchanged.



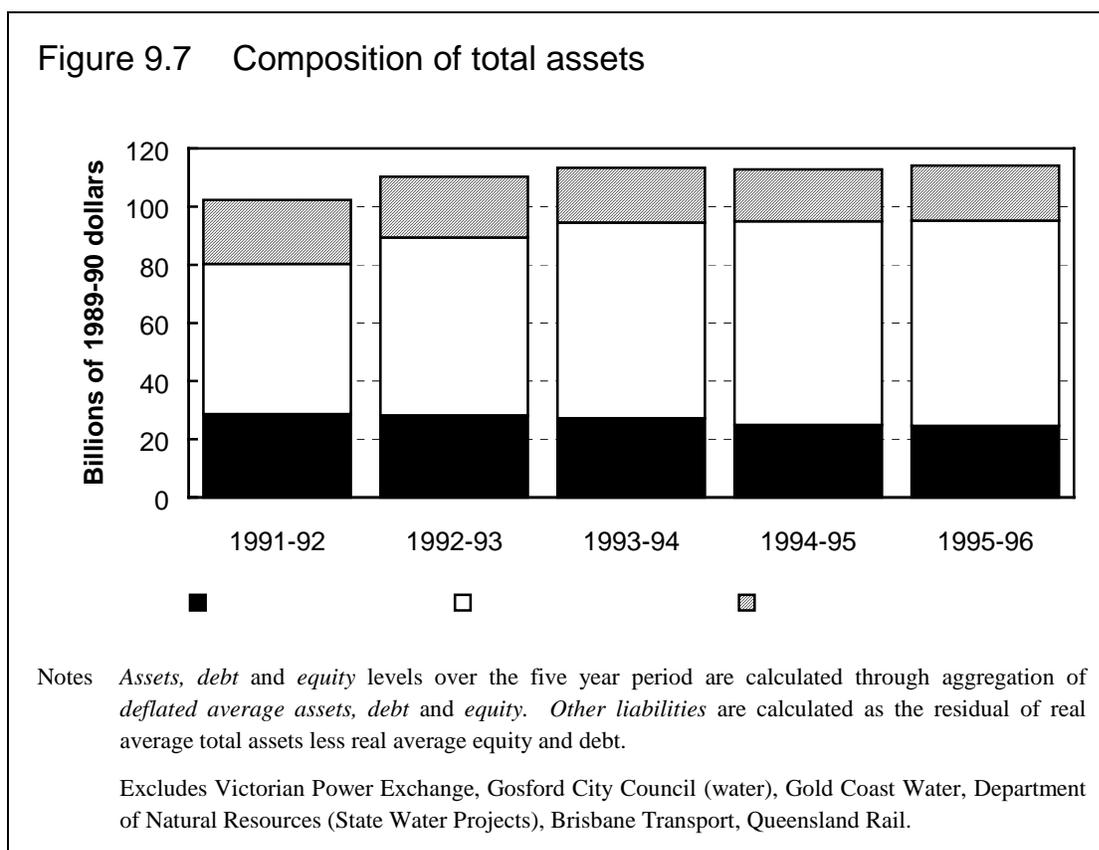
Assets and debt

Compared to 1994–95 real total liabilities (*real average total debt plus real average total other liabilities*) have remained relatively unchanged (see

Figure 9.7). The modest increase in *real average total equity* is therefore explained by rises in the *total real assets* of monitored GTEs.

Since 1991–92, real total liabilities have fallen by 10 per cent. This reduction is in part explained by the debt of some GTEs being assumed by the governments concerned.

Over the same period, the total assets of monitored GTEs have risen in real terms by nearly 13 per cent. Asset revaluations increase the recorded amount of total real assets and thus equity, while leaving debt unaffected.



Service Quality

There is limited information on service quality. Comparisons between sectors cannot be made because the indicators relating to service quality are industry specific and are often inconsistently reported between GTEs. It is also difficult to devise indicators that capture a GTE's responsiveness to changes in the consumers of their preferences.

Nevertheless, the suite of indicators collected by the Steering Committee includes a number of industry-specific indicators of service quality. Not all GTEs supply this information. However, on the basis of the available evidence, there appears to have been little change across all sectors.

There was a significant improvement in the reliability of rail freight services and a deterioration in the reliability of urban passenger rail services. In the ports sector, average median ship turnaround times for container operations improved, while average times for bulk operations significantly deteriorated.

9.2 Financial Performance by Jurisdiction

Financial performance indicators are examined for the Commonwealth and each State and Territory.³ The indicators discussed — the operating sales margin, return on assets, percentage change in real prices, and payments to government — are presented in Figures 9.8 to 9.11.

Commonwealth

The Commonwealth GTEs whose results are reported in this section are the Snowy Mountains Hydro-Electric Authority, Telstra, Australia Post, Air Services Australia, Federal Airports Corporation, ANL Limited, Australian National Railways Commission and the National Rail Corporation.

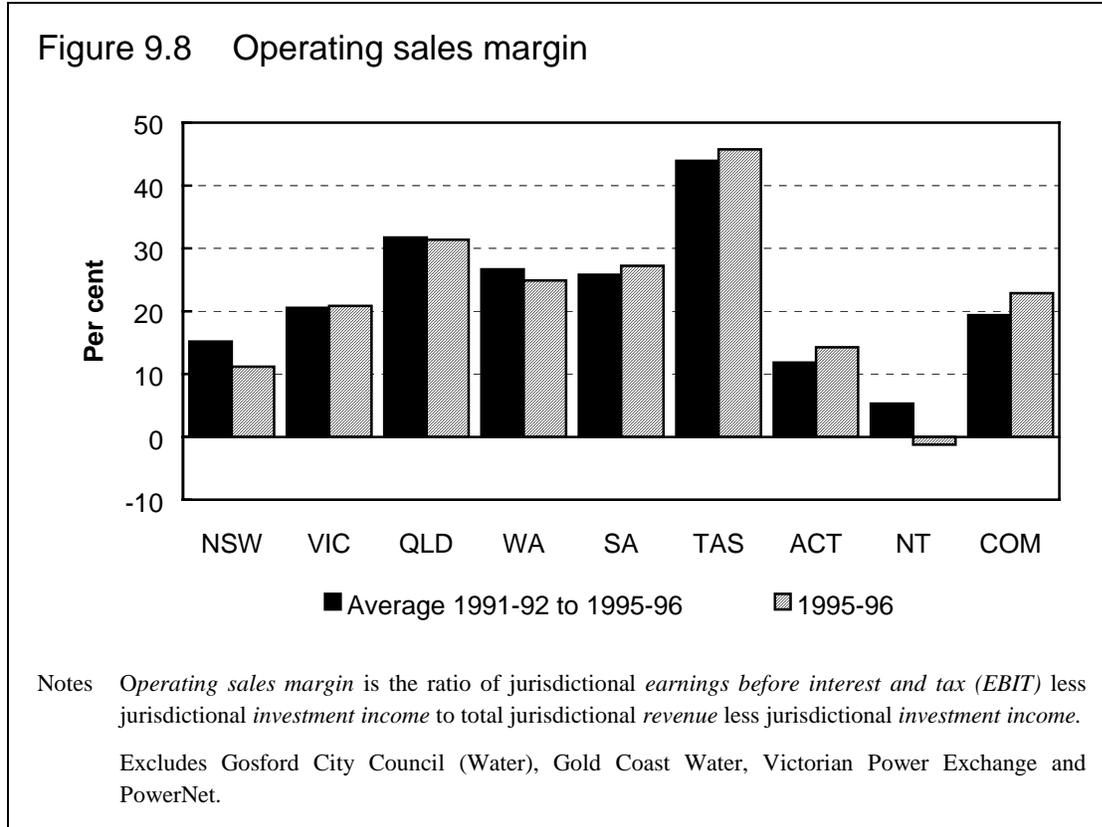
Aggregate results for the Commonwealth-owned GTEs are dominated by Telstra. Aggregate profitability increased as Telstra recorded an increase in its operating sales margin. Australia Post's operating sales margin also increased slightly.

Overall profitability increased despite real prices falling approximately 6 per cent in 1995–96. This result was mainly attributable to a decline in the average weighted real price of Telstra's services of 7 per cent. The real prices reported by Australia Post also fell, prices in current dollar terms remaining constant.

Since 1991–92, real prices of goods and services provided by the Commonwealth GTEs covered have fallen by 18 per cent.

3 The validity of comparisons between jurisdictions is limited by many factors. Where the scale of operation and nature of GTEs' activities vary between jurisdictions, it is difficult to be sure that like is being compared with like. Changes in indexes or ratios, when used as evidence of progress, may be misleading, since the starting points may differ.

Total real payments (dividends and tax expense) by Commonwealth GTEs to government increased by over \$800 million in 1995–96 to \$2.5 billion. Of this increase Telstra contributed some \$700 million.

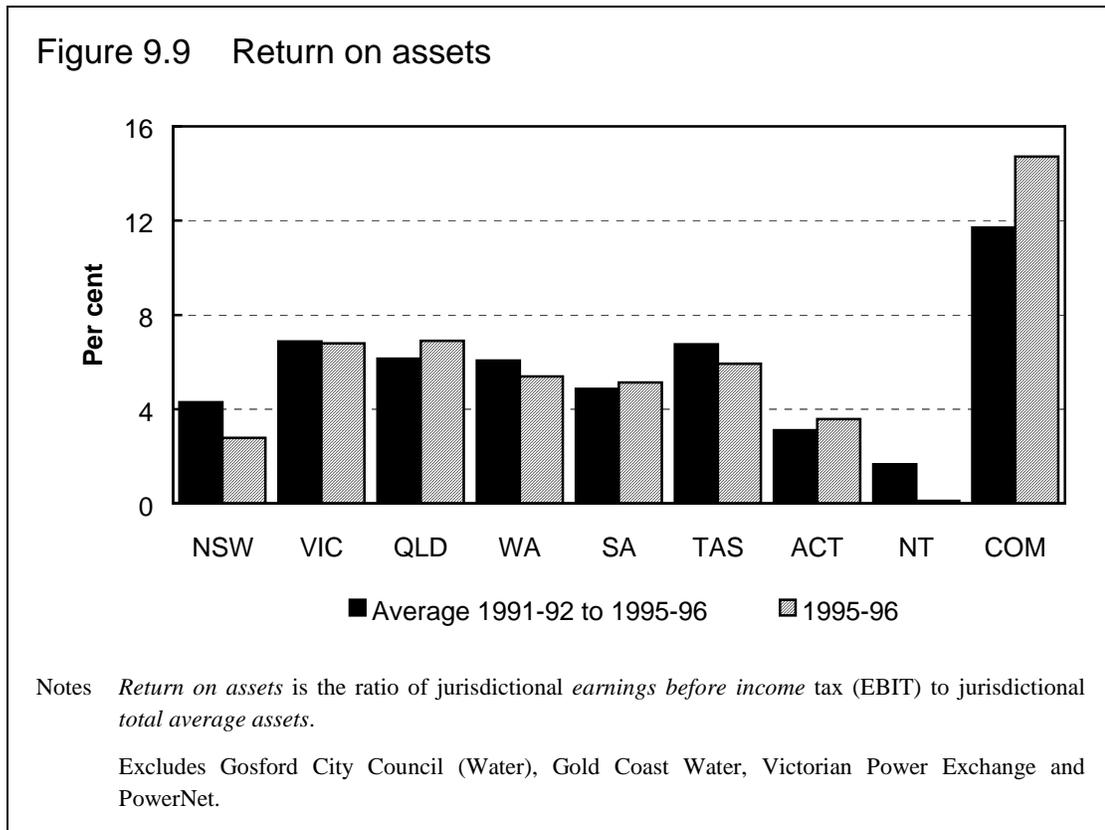


New South Wales

There was a modest fall in the overall profitability of the GTEs covered in NSW in 1995–96. The operating sales margin fell to 11 per cent (from 12 per cent in 1994–95) and the return on assets remaining stable at around 3 per cent. Since 1991–92 the operating sales margin has fallen by approximately one third and return on assets have almost halved. Major factors underlying this decrease are asset revaluations, particularly by the State Rail Authority.

Reductions in the real prices of monitored GTEs, which fell over 7 per cent in 1995–96, also contributed to a reduction in profitability of NSW GTEs. The main industries contributing to this result were the water and electricity industries, which reduced real prices by 16 per cent and 7 per cent, respectively. Since 1991–92, real prices of goods and services produced by the NSW GTEs covered have fallen by 16 per cent.

Real payments to government (dividends and tax equivalent expense) increased slightly by \$50 million in 1995–96. Over the five years since 1991–92, real payments to government by the monitored GTEs have remained steady at approximately \$850 million per annum.



Victoria

In 1995–96, the overall profitability of Victorian GTEs covered in this report fell, with the operating sales margin and return on assets falling to 21 per cent and 7 per cent, respectively (from 22 per cent and 7 per cent in 1994–95).

The only two Victorian GTEs to report a real price index were the Public Transport Corporation and GASCOR. Real prices for both these GTEs fell in 1995–96, with the overall index falling 3 per cent.

Real payments to government (dividends and tax equivalent expense) increased significantly by over \$180 million in 1995–96 to total of \$510 million. This was mainly the result of a large increase in the dividend payable by the consolidated

Melbourne water industry, (in excess of \$110 million) after payments had fallen substantially in the previous year.⁴

Queensland

The overall profitability of the GTEs covered in Queensland rose. The operating sales margin increased from 26 per cent to 31 per cent and the return on assets increased from 5 per cent to 7 per cent in 1995–96.

Since 1991–92, overall profitability has remained stable at around 30 per cent. The result in 1991–92 was artificially high because of the exclusion of Queensland Rail whose operating sales margin was considerably below the average for monitored GTEs in Queensland.

The overall profitability of the Queensland GTEs covered increased despite a fall in real prices of 3 per cent in 1995–96. Since 1991–92 real prices of services provided by the Queensland GTEs monitored have fallen 8 per cent.

Real payments to government (dividends and tax equivalent expense) more than doubled and totaled \$718 million in 1995–96. Queensland Rail contributed to this result by making its first dividend payment to the Queensland Government.

Western Australia

The Western Australian GTEs whose results are reported in this section are AlintaGas, the Fremantle Port Authority, MetroBus, Western Power, Westrail and Water Corporation.

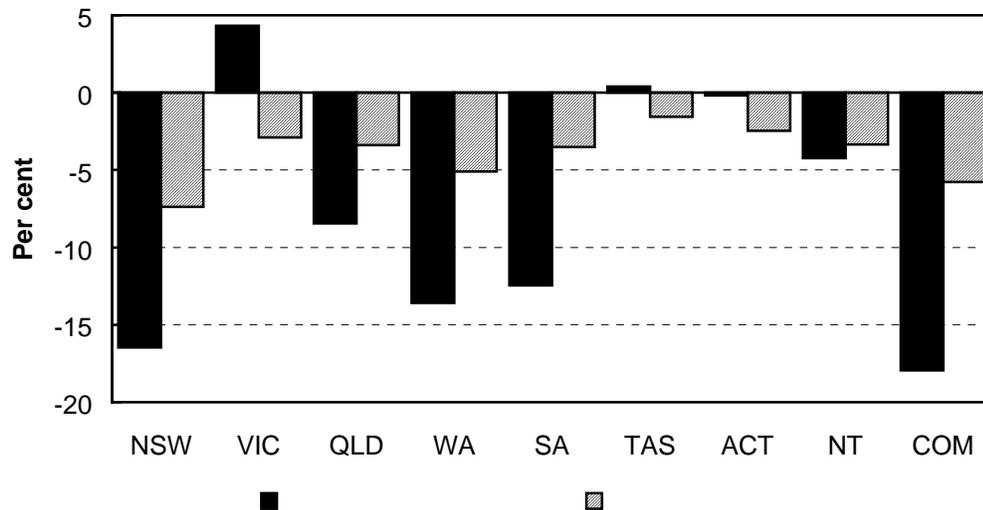
There was a modest increase in the overall profitability of Western Australian GTEs in 1995–96. The operating sales margin increased from 23 per cent to 25 per cent in 1995–96. The return on assets remained stable. Since 1991–92, profitability has remained stable.

The Western Australian GTEs to report real prices were Westrail, Western Power, MetroBus, Water Corporation and AlintaGas.⁵ The overall real price index fell 5 per cent in 1995–96. Since 1991–92, the real prices of services provided by the Western Australian GTEs covered have fallen by 13 per cent.

4 As part of the implementation of the State Government's water industry reforms, Melbourne Water Corporation was split into a headworks company, three retail companies and Melbourne Parks and Waterways.

5 The 1994–95 datum for AlintaGas is based on six months operations and is not included in the overall price index for Western Australia.

Figure 9.10 Percentage change in average real prices, 1991–92 to 1995–96 and 1994–95 to 1995–96



Notes The *average real price index* is calculated as the weighted average of the individual measures, with weights corresponding to each GTE's share in aggregate *total revenue*.

Excludes Gosford City Council (Water), Wyong Shire Council (Water Department), Barwon Water, Melbourne Water, South East Water, City West Water, Yarra Valley Water, Gas Transmission Corporation, Melbourne Ports Corporation, Victorian Channels Authority, Brisbane City Council (Water and Sewerage Department), Department of Natural Resources (Pumped Irrigation), Fremantle Port Authority, AlintaGas, National Rail Corporation, Federal Airports Corporation, ANL Limited, Delta Electricity, Macquarie Generation, Pacific Power, TransGrid, PowerNet, Victorian Power Exchange and Snowy Mountains Hydro-electric Authority.

South Australia

The South Australian GTEs whose results are reported in this section are ETSA Corporation, the South Australian Ports Corporation, the South Australian Water Corporation and TransAdelaide.

There was a fall in overall profitability as measured by the operating sales margin and return on assets compared to 1994–95. Since 1991–92, overall profitability has remained stable.

Real prices of services provided by the South Australian GTEs covered fell 4 per cent in 1995–96. All monitored GTEs in South Australia reported a fall in real prices, except the urban transport sector. TransAdelaide recorded an increase in its real price index, which is defined as *total real revenue divided by the number of passenger journeys*, of approximately 3 per cent. TransAdelaide increased its ticket price fares by less than the rise in the Consumer Price Index.

TransAdelaide's reported increase in the real price index is therefore explained by changes in the revenue weights of its tariff structure.

Tasmania

There are nine monitored GTEs in Tasmania. The dominant GTE, in terms of total assets, is the Hydro Electric Corporation, formerly the Hydro-Electric Commission. Compared to 1994–95, the overall profitability of the Tasmanian GTEs monitored increased slightly, with the operating sales margin rising to 46 per cent. Return on assets was virtually unchanged.

There was a modest fall in real prices in Tasmania in 1995–96. The decline was attributable to a reduction in real prices by the Hydro Electric Corporation and port authorities of 2 per cent and 8 per cent, respectively. These reductions more than offset an increase of 9 per cent in the real prices of the Hobart Regional Water Board.

Australian Capital Territory

The only GTEs monitored in the ACT are ACTEW Corporation, which supplies electricity and water, and ACTION, which is responsible for urban transport.

There was a modest increase in the overall profitability of these two GTEs in 1995–96 as measured by the operating sales margin.

Overall, the real prices of services provided by these GTEs declined by approximately 2 per cent in 1995–96. ACTEW Corporation reported a fall in prices while ACTION recorded a slight increase. Since 1991–92, their real prices have remained stable.

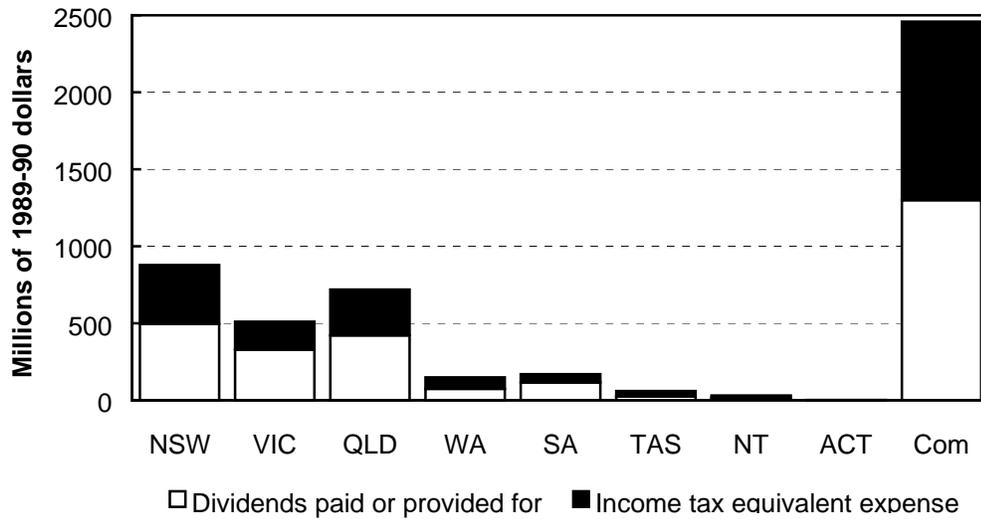
Northern Territory

The only GTEs monitored in the Northern Territory are the Darwin Port Authority and the Power and Water Authority.

The Northern Territory was the only jurisdiction in which the GTEs covered experienced an overall loss in 1995–96. This result was largely due to reductions in the operating sales margins of both the electricity and water segments of the Power and Water Authority.

The decline in profitability in the Northern Territory may partly be explained by a reduction in real prices of approximately 3 per cent in 1995–96. Since 1991–92 real prices have fallen over 4 per cent.

Figure 9.11 Real payments to government (dividends and income tax and tax equivalent expense)



Notes *Dividends paid and provided for* are defined as the total amount included in GTE profit and loss statement for dividends. It includes normal and special dividends and statutory levies on profits and revenues (especially), but excludes returns of capital. *Income tax expense, or income tax equivalent expense*, on operating profit before tax (including abnormal items) is calculated using tax effect accounting (AAS3)

Appendix 9A Data

Table 9A.1 Operating sales margin, by industry classification (per cent)

<i>Industry</i>	<i>1991–92</i>	<i>1992–93</i>	<i>1993–94</i>	<i>1994–95</i>	<i>1995–96</i>
Electricity	27.7	28.3	28.6	25.7	25.1
Gas	16.0	35.6	21.3	24.5	25.4
Water	28.5	27.6	33.1	29.1	29.0
Urban Transport ^a	8.9	8.4	7.7	8.9	2.1
Rail ^{a,b}	-13.8	0.7	5.0	-6.3	-6.7
Ports	27.8	38.0	36.4	35.4	36.1
Commonwealth	15.4	21.3	22.0	19.7	24.7
All	17.7	21.7	22.4	19.1	21.2

Notes The average operating sales margin is the ratio of all GTE earnings before interest and tax (EBIT) less total GTE investment income to total GTE revenue less total GTE investment income.

Excludes Gosford City Council (Water), Gold Coast Water, Victorian Power Exchange, PowerNet and Snowy Mountains Hydro-electric Authority.

a Neither the rail nor the urban transport industry recover, through passenger and freight revenue, the full cost of their operations. Governments make payments to fund specifically agreed services, such as CSOs, and operating deficits. These payments are included in the calculations for this table.

b Excludes a \$603.8 million abnormal surplus for the Public Transport Corporation in 1993–94.

Table 9A.2 Returns on assets, by industry classification (per cent)

<i>Industry</i>	<i>1991–92</i>	<i>1992–93</i>	<i>1993–94</i>	<i>1994–95</i>	<i>1995–96</i>
Electricity	11.3	9.7	9.0	8.6	8.6
Gas	15.0	31.1	16.0	13.5	12.7
Water	3.5	3.2	3.6	3.3	3.5
Urban Transport	7.8	6.5	6.4	8.5	2.1
Rail	-2.4	-0.6	-0.4	-1.2	-0.7
Ports	5.7	8.9	8.6	8.1	8.3
Commonwealth	8.3	12.0	13.4	12.1	15.4
All	6.3	7.2	7.0	6.2	6.9

Notes Return on assets is the ratio of total GTE earnings before income tax (EBIT) to total GTE average assets.

Excludes Gosford City Council (Water), Gold Coast Water, Victorian Power Exchange, PowerNet and Snowy Mountains Hydro-electric Authority.

Table 9A.3 Real price index, by industry classification (1989–90=100)

<i>Industry</i>	<i>1991–92</i>	<i>1992–93</i>	<i>1993–94</i>	<i>1994–95</i>	<i>1995–96</i>
Electricity	100.5	99.4	95.3	90.0	85.1
Gas	103.0	109.0	109.9	108.6	105.9
Water	105.2	105.1	103.2	98.1	90.4
Urban Transport	101.0	104.0	108.7	109.5	107.5
Rail	97.6	97.6	90.3	91.1	88.1
Ports	94.5	92.0	88.6	82.9	79.2
Commonwealth	95.0	91.6	86.5	82.5	77.6
Overall average	97.9	96.1	91.7	88.0	83.0

Notes The *average real price index* is calculated as the weighted average of the individual measures, with weights corresponding to each GTE's share in *aggregate total revenue*.

Excludes AlintaGas, National Rail Corporation, Fremantle Port Authority, Victorian Channels Authority, Melbourne Ports Authority, ANL Limited, Federal Airports Corporation.

Table 9A.4 Real payments to government (dividends and income tax or tax equivalent expense), by industry classification (000s of 1989–90 dollars)

<i>Industry</i>	<i>1991–92</i>	<i>1992–93</i>	<i>1993–94</i>	<i>1994–95</i>	<i>1995–96</i>
Real dividends paid or provided for					
Electricity	668 151	690 273	809 986	925 628	882 929
Gas	74 168	213 660	101 779	111 481	97 656
Water	307 040	262 251	289 575	200 775	315 875
Urban Transport	54 686	0	0	1 315	4 361
Rail	0	0	0	0	134 854
Ports	51 391	76 755	98 032	56 233	44 426
Commonwealth	500 262	700 665	782 246	950 834	1 300 590
<i>All real dividends paid or provided for</i>	<i>1 655 699</i>	<i>1 943 605</i>	<i>2 081 617</i>	<i>2 246 266</i>	<i>2 780 691</i>
Real income tax equivalent expense					
Electricity	31 537	309 951	391 154	388 496	627 790
Gas	0	0	38 955	53 301	75 417
Water	5 844	59 354	121 203	115 092	188 337
Urban Transport	0	2 594	3 692	-211	3 076
Rail	0	0	0	2 604	97 532
Ports	0	788	1 742	24 271	46 410
Commonwealth	479 926	1 195 379	883 634	693 390	1 157 035
<i>All real income tax equivalent expense</i>	<i>517 308</i>	<i>1 568 067</i>	<i>1 440 380</i>	<i>1 276 944</i>	<i>2 195 597</i>
Total real payments to government	2 173 007	3 511 672	3521 997	3 523 210	4 976 289

Table 9A.5 Income tax or tax equivalent expense and income tax or tax equivalent payments made, 1995–96, current dollars

<i>Industry</i>	<i>Tax equivalent expense \$'000</i>	<i>Tax equivalent payments \$'000</i>
Electricity	672.5	206.6
Gas	91.0	6.8
Water	335.8	48.3
Urban transport	116.2	1.0
Rail	3.7	4.5
Ports	55.2	25.6
Commonwealth	1373.4	1227.2
All	2647.8	1520.0

Table 9A.6 Labour productivity index, by industry classification (1991–92=100)

<i>Industry</i>	<i>1991–92</i>	<i>1992–93</i>	<i>1993–94</i>	<i>1994–95</i>	<i>1995–96</i>
Gas	100.0	120.6	124.9	167.0	222.1
Water	100.0	101.0	118.9	148.4	184.0
Urban Transport	100.0	107.9	112.4	130.1	132.6
Rail	100.0	113.6	131.3	133.4	143.8
Ports	100.0	103.1	113.8	122.3	130.0
Commonwealth	100.0	116.7	137.9	145.2	149.2
Overall average	100.0	114.3	133.2	144.3	154.4

Notes Labour productivity is defined as the ratio of total GTE real revenue to the number of total GTE full time equivalent employees.

Excludes Barwon Water, Melbourne Water Corporation, City West Water, South East Water, Yarra Valley Water, Brisbane City Council (Water), Gosford City Council (Water), Wyong Shire Council (Water), Department of Natural Resources: State Water Projects, Metrobus, National Rail Corporation, Fremantle Port Authority, Melbourne Ports Corporation, Victorian Channels Authority, ANL Limited, Federal Airports Corporation.

Table 9A.7 Operating sales margin, by jurisdiction (per cent)

<i>Jurisdiction</i>	<i>1991–92</i>	<i>1992–93</i>	<i>1993–94</i>	<i>1994–95</i>	<i>1995–96</i>
New South Wales	16.6	17.5	18.6	12.0	11.2
Victoria ^a	14.5	25.1	19.9	22.4	20.9
Queensland	42.1	29.5	29.6	26.0	31.4
Western Australia	24.2	25.9	35.3	23.1	24.9
South Australia	28.0	24.9	19.8	29.1	27.2
Tasmania	47.8	40.8	41.7	43.7	45.7
Australian Capital Territory	9.3	12.2	10.6	12.6	14.3
Northern Territory	9.9	6.6	8.3	2.7	-1.2
Commonwealth	13.6	20.6	21.1	18.8	22.9

Notes The *operating sales margin* is the ratio of jurisdictional *earnings before interest and tax (EBIT)* less jurisdictional *investment income* to total jurisdictional *revenue* less jurisdictional *investment income*.

Excludes Gosford City Council (Water), Gold Coast Water, Victorian Power Exchange, and PowerNet.

a Excludes a \$603.8 million abnormal surplus for the Public Transport Corporation in 1993–94.

Table 9A.8 Return on assets, by jurisdiction (per cent)

<i>Jurisdiction</i>	<i>1991–92</i>	<i>1992–93</i>	<i>1993–94</i>	<i>1994–95</i>	<i>1995–96</i>
New South Wales	5.7	5.0	4.9	3.1	2.8
Victoria	6.0	7.7	6.3	7.6	6.8
Queensland	6.4	6.3	6.0	5.2	6.9
Western Australia	6.6	6.6	6.2	5.5	5.4
South Australia	4.2	4.9	4.0	6.1	5.1
Tasmania	9.6	7.0	5.5	5.8	5.9
Australian Capital Territory	2.6	3.3	2.8	3.2	3.6
Northern Territory	2.9	2.0	2.4	0.9	0.1
Commonwealth	7.6	11.6	13.0	11.6	14.7

Notes *Return on assets* is the ratio of *jurisdictional earnings before income tax (EBIT)* to *jurisdictional total average assets*.

Excludes Gosford City Council (Water), Gold Coast Water, Victorian Power Exchange and PowerNet.

Table 9A.9 Real price index, by jurisdiction (1989–90=100)

<i>Jurisdiction</i>	<i>1991–92</i>	<i>1992–93</i>	<i>1993–94</i>	<i>1994–95</i>	<i>1995–96</i>
New South Wales	102.3	101.4	97.2	92.2	85.4
Victoria	102.8	108.0	108.2	110.5	107.3
Queensland	95.5	96.1	94.7	90.5	87.5
Western Australia	102.5	100.9	97.4	93.3	88.5
South Australia	95.4	95.0	90.9	86.6	83.1
Tasmania	105.3	106.2	104.6	107.4	105.8
Australian Capital Territory	101.7	105.9	107.5	104.1	101.5
Northern Territory	100.3	103.2	102.9	99.4	96.1
Commonwealth	95.0	91.5	86.4	82.7	77.9

Notes The *average real price index* is the weighted average of the individual measures, with weights corresponding to each GTE's share in aggregate *total revenue*.

Excludes the Electricity sector, AlintaGas, National Rail Corporation, Fremantle Port Authority, Victorian Channels Authority, Melbourne Ports Authority, ANL Limited, Federal Airports Corporation, Delta Electricity, Macquarie Generation, Pacific Power, TransGrid, PowerNet, Victorian Power Exchange and Snowy Mountains Hydro-electric Authority.

Table 9A.10 Real payments to government (dividends and income tax or tax equivalent expense), by jurisdiction (000s of 1989–90 dollars)

<i>Industry</i>	<i>1991–92</i>	<i>1992–93</i>	<i>1993–94</i>	<i>1994–95</i>	<i>1995–96</i>
Real dividends paid or provided for					
New South Wales	750 425	475 001	617 449	524 424	496 592
Victoria	203 678	414 438	315 659	206 588	327 678
Queensland	20 032	123 647	129 759	198 695	422 482
Western Australia	60 815	62 597	79 048	81 420	74 676
South Australia	96 796	139 169	137 798	237 348	114 686
Tasmania	5 602	5 714	9 490	9 549	24 230
Australian Capital Territory	18 089	22 374	10 169	32 613	17 456
Northern Territory	0	0	0	4 795	2 301
Commonwealth	500 262	700 665	782 246	950 834	1 300 590
<i>All real dividends paid or provided for</i>	<i>1 655 699</i>	<i>1 943 605</i>	<i>2 081 617</i>	<i>2 246 266</i>	<i>2 780 691</i>
Real income tax equivalent expense					
New South Wales	22 807	349 649	337 059	298 125	380 566
Victoria	0	0	104 829	123 141	183 061
Queensland	0	0	90 416	107 717	295 845
Western Australia	0	0	0	21 940	74 208
South Australia	0	0	0	0	55 531
Tasmania	14 573	23 039	24 443	30 026	35 581
Australian Capital Territory	0	0	0	0	13 001
Northern Territory	0	0	0	0	0
Commonwealth	479 926	1 195 379	883 634	695 994	1 157 804
<i>All real income tax equivalent expense</i>	<i>517 308</i>	<i>1 568 067</i>	<i>1 440 380</i>	<i>1 276 944</i>	<i>2 195 597</i>

ATTACHMENTS

A ENTERPRISE LISTINGS

by Jurisdiction	189
by Industry Classification	192

B MONITORED GTEs	195
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ATTACHMENT A ENTERPRISE LISTINGS

Table A.1 Participating enterprises, by jurisdiction

<i>GTE</i>	<i>Industry Classification</i>
New South Wales	
Delta Electricity	Electricity
Macquarie Generation	Electricity
Pacific Power	Electricity
TransGrid	Electricity
Advance Energy	Electricity
Australian Inland Energy	Electricity
EnergyAustralia	Electricity
Great Southern Energy	Electricity
Integral Energy	Electricity
NorthPower	Electricity
Gosford City Council (Water and Sewerage Department)	Water
Hunter Water Corporation	Water
Sydney Water Corporation	Water
Wyong Shire Council (Water Department)	Water
State Transit Authority	Urban Transport
State Rail Authority of NSW	Railways/Urban Transport
Newcastle Port Corporation	Port Authorities
Port Kembla Port Corporation	Port Authorities
Sydney Ports Corporation	Port Authorities
Victoria	
PowerNet	Electricity
Victorian Power Exchange	Electricity
Gas Transmission Corporation	Gas
GASCOR	Gas
Barwon Water	Water
City West Water	Water
Melbourne Water Corporation	Water
South East Water	Water
Yarra Valley Water	Water
Public Transport Corporation	Railways/Urban Transport
Melbourne Port Corporation	Port Authorities
Victorian Channels Authority	Port Authorities

Table A.1 Participating enterprises, by jurisdiction (continued)

<i>GTE</i>	<i>Industry Classification</i>
Queensland	
AUSTA Electric	Electricity
CAPELEC	Electricity
Queensland Transmission and Supply Corporation	Electricity
SEQEB	Electricity
Brisbane City Council (Water and Sewerage Department)	Water
Department of Natural Resources, State Water Projects	Water
Gold Coast Water	Water
Brisbane Transport	Urban Transport
Queensland Rail	Railways/Urban Transport
Gladstone Port Authority	Port Authorities
Port of Brisbane Authority	Port Authorities
South Australia	
ETSA Corporation	Electricity
South Australian Water Corporation	Water
TransAdelaide	Urban Transport
South Australian Ports Corporation	Port Authorities
Western Australia	
Western Power	Electricity
AlintaGas	Gas
Water Corporation	Water
MetroBus	Urban Transport
Westrail	Railways/Urban Transport
Fremantle Port Authority	Port Authorities
Tasmania	
Hydro-Electric Corporation	Electricity
Hobart Regional Water Board	Water
North West Regional Water Authority	Water
Rivers and Water Supply Commission, North Esk	Water
Metropolitan Transport Trust	Urban Transport
Burnie Port Authority	Port Authorities
Marine Board of Hobart	Port Authorities
Port of Devonport Authority	Port Authorities
Port of Launceston Authority	Port Authorities
Australian Capital Territory	
ACTEW Corporation	Electricity/Water
ACTION	Urban Transport

Table A.1 Participating enterprises, by jurisdiction (continued)

<i>GTE</i>	<i>Industry Classification</i>
Northern Territory	
Power and Water Authority	Electricity/Water
Darwin Port Authority	Port Authorities
Commonwealth	
Snowy Mountains Hydro-Electric Authority	Electricity
Australian National Railways Commission	Railways
National Railway Corporation	Railways
Airservices Australia	Other Commonwealth
ANL Limited	Other Commonwealth
Australia Post	Other Commonwealth
Federal Airports Corporation	Other Commonwealth
Telstra Corporation	Other Commonwealth

Table A.2 Participating enterprises, by industry classification

<i>GTE</i>	<i>Jurisdiction</i>
Electricity	
Delta Electricity	New South Wales
Macquarie Generation	New South Wales
Pacific Power	New South Wales
TransGrid	New South Wales
Advance Energy	New South Wales
Australian Inland Energy	New South Wales
EnergyAustralia	New South Wales
Great Southern Energy	New South Wales
Integral Energy	New South Wales
NorthPower	New South Wales
PowerNet	Victoria
Victorian Power Exchange	Victoria
AUSTA Electric	Queensland
CAPELEC	Queensland
Queensland Transmission and Supply Corporation	Queensland
SEQEB	Queensland
ETSA Corporation	South Australia
Western Power	Western Australia
Hydro-Electric Corporation	Tasmania
ACTEW Corporation ^a	Australian Capital Territory
Power and Water Authority ^a	Northern Territory
Snowy Mountains Hydro-Electric Authority	Commonwealth
Gas	
Gas Transmission Corporation	Victoria
GASCOR	Victoria
AlintaGas	Western Australia
Water	
Gosford City Council (Water and Sewerage Department)	New South Wales
Hunter Water Corporation	New South Wales
Sydney Water Corporation	New South Wales
Wyong Shire Council (Water Department)	New South Wales
Barwon Water	Victoria
City West Water	Victoria
Melbourne Water Corporation	Victoria
South East Water	Victoria
Yarra Valley Water	Victoria
Brisbane City Council (Water and Sewerage Department)	Queensland
Department of Natural Resources, State Water Projects	Queensland
Gold Coast Water	Queensland
South Australian Water Corporation	South Australia
Water Corporation	Western Australia

Table A.2 Participating enterprises, by industry classification
(continued)

<i>GTE</i>	<i>Jurisdiction</i>
Water (continued)	
Hobart Regional Water Board	Tasmania
North West Regional Water Authority	Tasmania
Rivers and Water Supply Commission, North Esk	Tasmania
ACTEW Corporation ^a	Australian Capital Territory
Power and Water Authority ^a	Northern Territory
Urban Transport	
State Rail Authority of NSW ^a	New South Wales
State Transit Authority	New South Wales
Public Transport Corporation ^a	Victoria
Brisbane Transport	Queensland
Queensland Rail ^a	Queensland
TransAdelaide	South Australia
MetroBus	Western Australia
Westrail ^a	Western Australia
Metropolitan Transport Trust	Tasmania
ACTION	Australian Capital Territory
Rail	
State Rail Authority of NSW ^a	New South Wales
Public Transport Corporation ^a	Victoria
Queensland Rail ^a	Queensland
Westrail ^a	Western Australia
Australian National Railways Commission	Commonwealth
National Rail Corporation	Commonwealth
Port Authorities	
Newcastle Port Corporation	New South Wales
Port Kembla Port Corporation	New South Wales
Sydney Port Corporation	New South Wales
Melbourne Port Corporation	Victoria
Victorian Channels Authority	Victoria
Gladstone Port Authority	Queensland
Port of Brisbane Authority	Queensland
South Australian Ports Corporation	South Australia
Fremantle Port Authority	Western Australia
Burnie Port Authority	Tasmania
Marine Board of Hobart	Tasmania
Port of Devonport Authority	Tasmania
Port of Launceston Authority	Tasmania
Darwin Port Authority	Northern Territory

Table A.2 Participating enterprises, by industry classification
(continued)

<i>GTE</i>	<i>Jurisdiction</i>
Other Commonwealth	
Airservices Australia	Commonwealth
ANL Limited	Commonwealth
Australia Post	Commonwealth
Federal Airports Corporation	Commonwealth
Telstra Corporation	Commonwealth

a Also undertakes activities classified within another industry.

ATTACHMENT B MONITORED GTEs

Over the five year period covered by this report, the complement of GTEs monitored has undergone considerable change. Some GTEs have been privatised and therefore are no longer required to report to the Steering Committee. New GTEs have been created by the division of former GTEs into separate new bodies.

The following tables list, on a jurisdictional basis, the GTEs monitored each year since 1991–92.

Table B.1 Monitored GTEs: New South Wales, 1991–92 to 1995–96

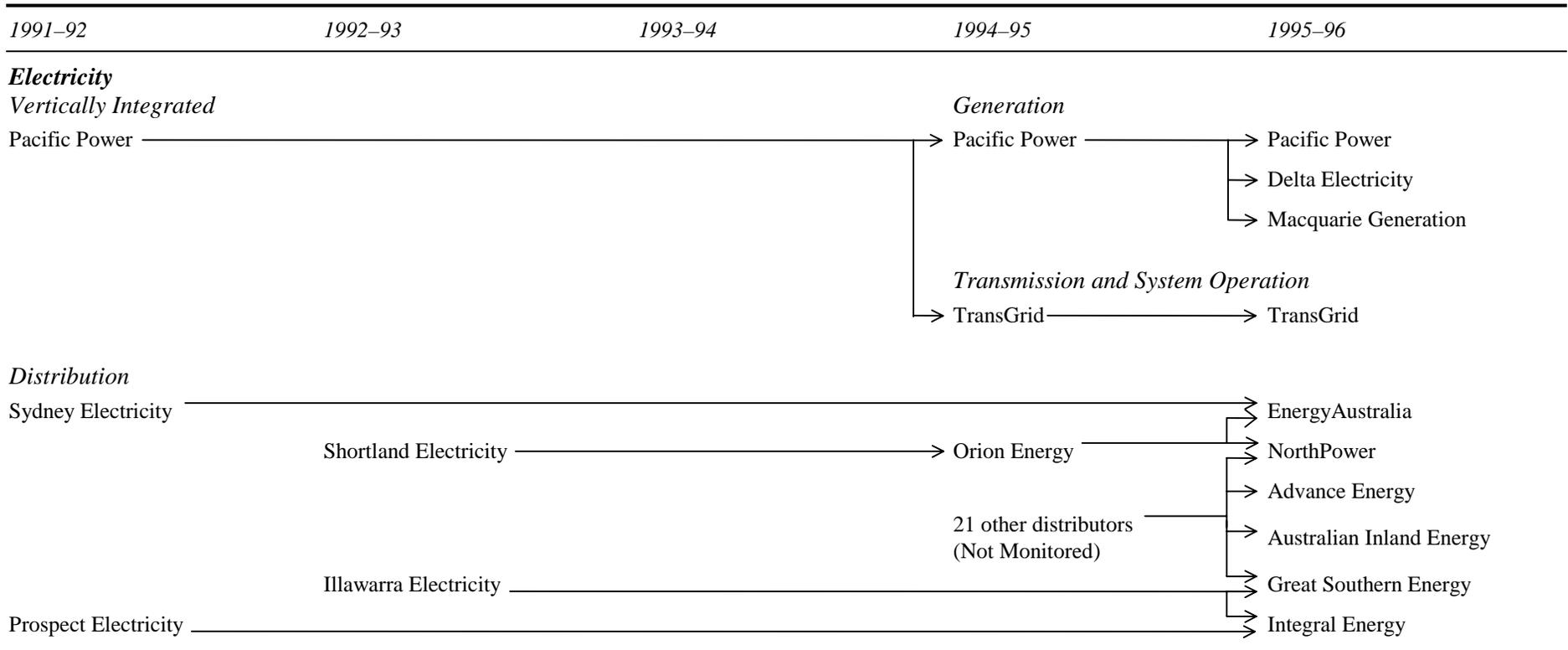
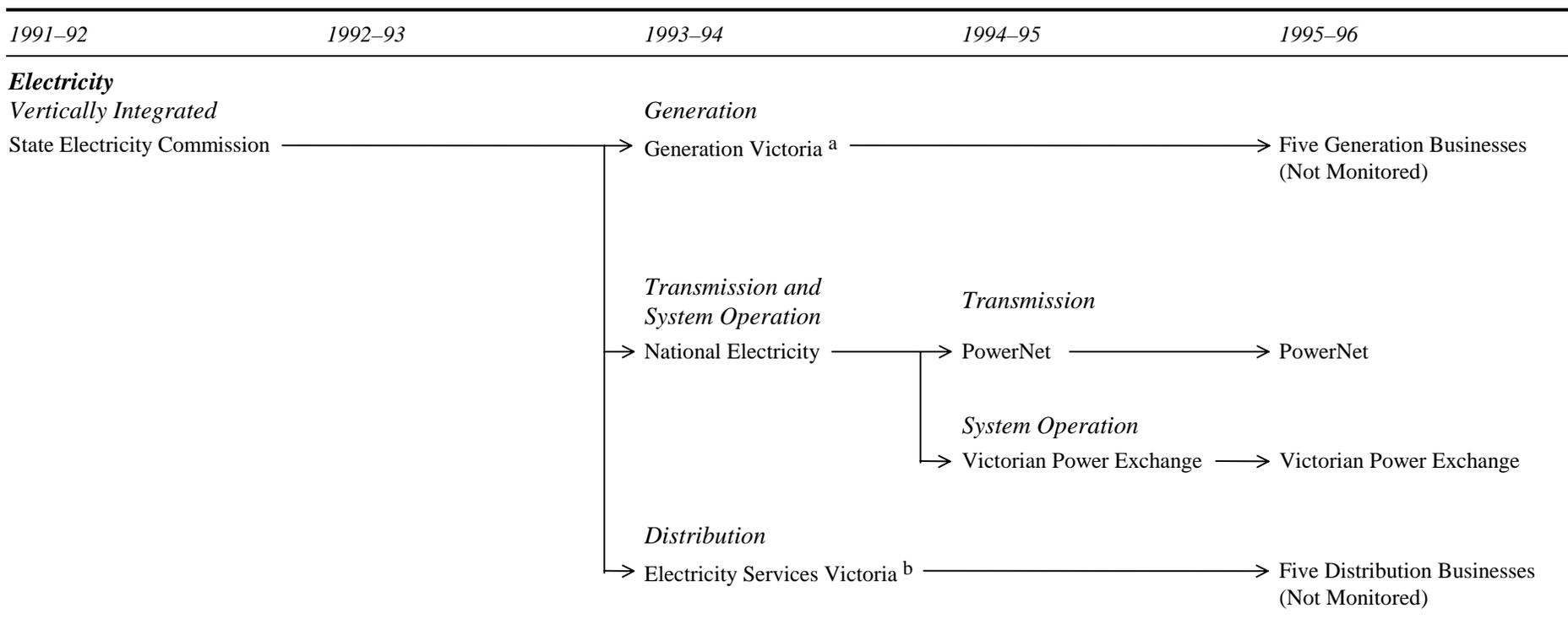


Table B.1 Monitored GTEs: New South Wales, 1991–92 to 1995–96 (continued)

1991–92	1992–93	1993–94	1994–95	1995–96
<i>Water, Sewerage, Drainage and Irrigation</i>				
Hunter Water Corporation	—————→			Hunter Water Corporation
Sydney Water Board	—————→		Sydney Water Corporation	Sydney Water Corporation
			Gosford City Council	Gosford City Council
			Wyong Shire Council	Wyong Shire Council
<i>Urban Transport</i>				
State Transit Authority	—————→			State Transit Authority
<i>Railways</i>				
State Rail Authority	—————→			State Rail Authority
<i>Ports</i>				
Maritime Services Board	—————→			<ul style="list-style-type: none"> → Newcastle Ports Corporation → Port Kembla Ports Corporation → Sydney Ports Corporation → Office of Marine Administration (Not Monitored) → Waterways Authority (Not Monitored)

Table B.2 Monitored GTEs: Victoria, 1991–92 to 1995–96



a Generation Victoria (GenVic) was established in October 1993 upon the initial disaggregation of the former State Electricity Commission of Victoria (SECV). GenVic itself was disaggregated into five separate generation companies in February 1995.

b Electricity Services Victoria was a successor body of the former SECV and the old municipal electricity undertakings. It was established in October 1993 (its accounts and reports commenced on 1 July 1993) and ceased operations in October 1994 when it was disaggregated into five separate distribution businesses.

Table B.2 Monitored GTEs: Victoria, 1991–92 to 1995–96 (continued)

1991–92	1992–93	1993–94	1994–95	1995–96
Gas				
<i>Transmission and Distribution</i>			<i>Transmission</i>	
Gas and Fuel Corporation			→ Gas Transmission Corporation	→ Gas Transmission Corporation
			<i>Distribution</i>	
			→ GASCOR	→ GASCOR
Water, Sewerage, Drainage and Irrigation				
Melbourne Water			→ Melbourne Water	→ Melbourne Water
			→ City West Water	→ City West Water
			→ South East Water	→ South East Water
			→ Yarra Valley Water	→ Yarra Valley Water
			Barwon Water	→ Barwon Water
Urban Transport and Railways				
Public Transport Corporation				→ Public Transport Corporation
Ports				
Port of Melbourne Authority				→ Melbourne Port Corporation
				→ Melbourne Port Services Pty Ltd (Not Monitored)
				→ Victorian Channels Authority

Table B.3 Monitored GTEs: Queensland, 1991–92 to 1995–96

1991–92	1992–93	1993–94	1994–95	1995–96
Electricity				
<i>Vertically Integrated</i>				
Queensland Electricity Commission			<i>Generation</i> Austa Electric → Austa Electric <i>Transmission, System Operation and Distribution</i> Queensland Transmission and Supply Corporation ^a → Queensland Transmission and Supply Corporation	
	<i>Distribution</i>			
	South East Queensland Electricity Board		SEQEB	SEQEB
	Capricornia Electricity Board		CAPELEC	CAPELEC

^a The Queensland Transmission and Supply Corporation (QTSC) commenced operation on 1 January 1995. QTSC is a holding company for eight subsidiary corporations — seven regional distribution corporations, two of which are SEQEB and CAPELEC, and Powerlink Queensland, which manages Queensland’s high voltage transmission system.

Table B.3 Monitored GTEs: Queensland, 1991–92 to 1995–96 (continued)

1991–92	1992–93	1993–94	1994–95	1995–96
<i>Water, Sewerage, Drainage and Irrigation</i>				
Brisbane City Council (Water and Sewerage Department)				→ Brisbane City Council (Water and Sewerage Department)
			Gold Coast Water	→ Gold Coast Water
Department of Primary Industries Water Resources				→ Department of Natural Resources, State Water Projects
<i>Urban Transport</i>				
Brisbane Transport				→ Brisbane Transport
<i>Railways</i>				
Queensland Rail				→ Queensland Rail
<i>Ports</i>				
Gladstone Port Authority				→ Gladstone Port Authority
Port of Brisbane Authority			→ Port of Brisbane Corporation	→ Port of Brisbane Corporation

Table B.4 Monitored GTEs: Western Australia, 1991–92 to 1995–96

1991–92	1992–93	1993–94	1994–95	1995–96
<i>Electricity and Gas</i>				
State Electricity Commission			Western Power Alinta Gas	Western Power Alinta Gas
<i>Water, Sewerage, Drainage and Irrigation</i>				
Water Authority of Western Australia				Water Authority of Western Australia
<i>Urban Transport</i>				
Transperth			Metrobus	Metrobus
<i>Railways</i>				
Westrail				Westrail
<i>Ports</i>				
Fremantle Port Authority				Fremantle Port Authority

Table B.5 Monitored GTEs: South Australia, 1991–92 to 1995–96

1991–92	1992–93	1993–94	1994–95	1995–96
Electricity				
Electricity Trust of South Australia	→			ETSA Corporation
Gas				
Pipelines Authority of South Australia	→			Private Business (Not Monitored)
Water, Sewerage, Drainage and Irrigation				
Engineering and Water Supply Department	→			South Australian Water Corporation
Urban Transport				
State Transport Authority	→		TransAdelaide	→ TransAdelaide
Ports				
Department of Marine and Harbors	→ Marine and Harbors Agency	→		South Australian Ports Corporation
			→	South Australian Ports Corporation

Table B.6 Monitored GTEs: Tasmania, 1991–92 to 1995–96

1991–92	1992–93	1993–94	1994–95	1995–96
Electricity				
Hydro-Electric Commission				→ Hydro-Electric Corporation
Water, Sewerage, Drainage and Irrigation				
Hobart Regional Water Board				→ Hobart Regional Water Board
Rivers and Water Supply Commission, North Esk				→ Rivers and Water Supply Commission, North Esk
North West Regional Water Authority				→ North West Regional Water Authority
Urban Transport				
Metropolitan Transport Trust				→ Metropolitan Transport Trust
Ports				
Burnie Port Authority				→ Burnie Port Authority
Marine Board of Hobart				→ Marine Board of Hobart
Port of Launceston				→ Port of Launceston
		Port of Devonport Authority		→ Port of Devonport Authority

Table B.7 Monitored GTEs: Australian Capital Territory, 1991–92 to 1995–96

1991–92	1992–93	1993–94	1994–95	1995–96
<i>Electricity and Water, Sewerage, Drainage and Irrigation</i>				
Australian Capital Territory Electricity and Water				→ ACTEW Corporation
<i>Urban Transport</i>				
ACTION				→ ACTION

Table B.8 Monitored GTEs: Northern Territory, 1991–92 to 1995–96

1991–92	1992–93	1993–94	1994–95	1995–96
<i>Electricity and Water, Sewerage, Drainage and Irrigation</i>				
Power and Water Authority				→ Power and Water Authority
<i>Ports</i>				
Darwin Port Authority				→ Darwin Port Authority

Table B.9 Monitored GTEs: Commonwealth, 1991–92 to 1995–96

1991–92	1992–93	1993–94	1994–95	1995–96
ANL Ltd				ANL Ltd
Federal Airports Corporation				Federal Airports Corporation
Australia Post				Australia Post
Telecom	Telstra Corporation			Telstra Corporation
	Australian Maritime Safety Authority	Australian Maritime Safety Authority		
Civil Aviation Authority				Air Services Australia Civil Aviation Safety Authority (Not Monitored)
Snowy Mountains Hydro-electric Authority				Snowy Mountains Hydro-electric Authority
Pipeline Authority			Private Business (Not Monitored)	
Australian National Railways Commission				Australian National Railways Commission
		National Rail Corporation		National Rail Corporation

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The Industry Commission acts as the Secretariat for the Steering Committee on National Performance Monitoring of Government Trading Enterprises. The Industry Commission is amalgamating with the Bureau of Industry Economics and the Economic Planning Advisory Commission to form the Productivity Commission, which will continue the role of Secretariat for the Committee.

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CONTENTS

VOLUME 2

1	ELECTRICITY	1
2	GAS	123
3	WATER, SEWERAGE, DRAINAGE AND IRRIGATION	143
4	URBAN TRANSPORT	259
5	RAILWAYS	295
6	PORT AUTHORITIES	337
7	OTHER COMMONWEALTH GTEs	399

ATTACHMENTS

A	ENTERPRISE LISTINGS	425
B	DEFINITIONS OF FINANCIAL INDICATORS	431
C	DEFINITIONS OF NON-FINANCIAL INDICATORS	435
D	UNITS OF QUANTITY USED IN PERFORMANCE INDICATORS	467

1 ELECTRICITY

Delta Electricity (NSW)	3
Macquarie Generation (NSW)	7
Pacific Power (NSW)	11
TransGrid (NSW)	17
Advance Energy (NSW)	21
Australian Inland Energy (NSW)	27
EnergyAustralia (NSW)	33
Great Southern Energy (NSW)	39
Integral Energy (NSW)	45
NorthPower (NSW)	51
PowerNet (Vic)	57
Victorian Power Exchange (Vic)	61
AUSTA Electric (Qld)	65
Queensland Transmission and Supply Corporation (Qld)	69
SEQEB (Qld)	73
CAPELEC (Qld)	79
ETSA Corporation (SA)	85
Western Power (WA)	91
Hydro-Electric Corporation (Tas)	97
Power and Water Authority (NT)	105
ACTEW Corporation (ACT)	113
Snowy Mountains Hydro-Electric Authority (C'wealth)	117

DELTA ELECTRICITY**New South Wales****Comments on own performance**

In March 1996, Delta Electricity commenced business as a new State Owned Corporation, operating as a generator in the new competitive State Electricity Market. Its legislative objective is to be a successful generator and provide competitively priced electricity in a safe, efficient and environmentally responsible manner.

Delta Electricity comprises four power stations with a total capacity of 4240 MW and has a work force of nearly 1250 people. Mt.Piper, the newest coal fired power station in the State, and the recently refurbished Wallerawang, are located in the Central West region of New South Wales near Lithgow. Vales point and Munmorah power stations are located on the Central coast. The Corporation's portfolio of generators produced approximately 30 per cent of the New south Wales electricity supply in 1995-96.

Delta Electricity has embraced the competitive environment for the electricity industry and has established a vision to be the supplier of first choice in the electricity market. The commencement of a National Electricity Market in 1997 is regarded as an opportunity to realise this vision, to be achieved through strategic alliances with customers and major suppliers plus financial and risk management strategies.

Delta Electricity is committed to the development of the regions in which it operates and will contribute to regional development through its high standard of environmental performance and enhanced economic activity through its commercial success.

DELTA ELECTRICITY (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Financial Ratios (2,3)						
Return on assets (1)	%	n.r.	n.r.	n.r.	n.r.	10.0
Return on operating assets (1)	%	n.r.	n.r.	n.r.	n.r.	10.0
Operating sales margin	%	n.r.	n.r.	n.r.	n.r.	22.1
Return on equity (1)	%	n.r.	n.r.	n.r.	n.r.	8.3
Dividend to equity ratio (1)	%	n.r.	n.r.	n.r.	n.r.	6.4
Dividend payout ratio	%	n.r.	n.r.	n.r.	n.r.	76.6
Debt to equity	%	n.r.	n.r.	n.r.	n.r.	98.2
Total liabilities to equity	%	n.r.	n.r.	n.r.	n.r.	119.2
Current ratio	%	n.r.	n.r.	n.r.	n.r.	279.3
Interest cover	%	n.r.	n.r.	n.r.	n.r.	247.3
Cost recovery ratio	%	n.r.	n.r.	n.r.	n.r.	128.4
Operational performance (1)	%	n.r.	n.r.	n.r.	n.r.	10.0

Non-financial Ratios**GENERAL****Economic Factors**

Total factor productivity	Index	n.r.	n.r.	n.r.	n.r.	n.p.
Economic rate of return	%	n.r.	n.r.	n.r.	n.r.	n.p.

Efficiency

Total days lost:						
- industrial disputes	%	n.r.	n.r.	n.r.	n.r.	n.p.
- sick leave	%	n.r.	n.r.	n.r.	n.r.	n.p.
- industrial accidents	%	n.r.	n.r.	n.r.	n.r.	n.p.
- all	%	n.r.	n.r.	n.r.	n.r.	n.p.

Size

Total assets	\$M	n.r.	n.r.	n.r.	n.r.	1 481
Total revenue	\$M	n.r.	n.r.	n.r.	n.r.	220
System maximum demand	MW	n.r.	n.r.	n.r.	n.r.	n.r.
Average total employment	No	n.r.	n.r.	n.r.	n.r.	1248
Service area	Sq km	n.r.	n.r.	n.r.	n.r.	n.r.

Safety

Lost time injury frequency rate	No/Mil.Hrs	n.r.	n.r.	n.r.	n.r.	n.p.
---------------------------------	------------	------	------	------	------	------

DELTA ELECTRICITY (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>GENERATION</i>						
<i>Efficiency</i>						
Load factor	%	n.r.	n.r.	n.r.	n.r.	n.p.
Capacity factor:	%	n.r.	n.r.	n.r.	n.r.	n.p.
Reserve plant margin:	%	n.r.	n.r.	n.r.	n.r.	n.r.
Equivalent available factor	%	n.r.	n.r.	n.r.	n.r.	n.p.
Labour productivity (excluding construction & mine employees)	GWh/Emp	n.r.	n.r.	n.r.	n.r.	n.p.
Thermal efficiency	%	n.r.	n.r.	n.r.	n.r.	n.p.
<i>Service Quality</i>						
Equivalent forced outage factor	%	n.r.	n.r.	n.r.	n.r.	n.p.
Planned outage factor	%	n.r.	n.r.	n.r.	n.r.	n.p.
<i>Size</i>						
Total physical output generated	GWh	n.r.	n.r.	n.r.	n.r.	n.p.
Generating plant capacity	MW	n.r.	n.r.	n.r.	n.r.	n.p.
Changes in generating plant capacity						
- plant added	MW	n.r.	n.r.	n.r.	n.r.	n.p.
- plant decommissioned	MW	n.r.	n.r.	n.r.	n.r.	n.p.
- plant in dry storage	MW	n.r.	n.r.	n.r.	n.r.	n.p.
<i>Cost & Revenue Measures</i>						
Operation and maintenance costs:						
- excluding fixed costs:						
- - excluding fuel cost	\$/MWh	n.r.	n.r.	n.r.	n.r.	n.p.
- - including fuel cost	\$/MWh	n.r.	n.r.	n.r.	n.r.	n.p.
- including fixed costs:						
- - excluding fuel cost	\$/MWh	n.r.	n.r.	n.r.	n.r.	n.p.
- - including fuel cost	\$/MWh	n.r.	n.r.	n.r.	n.r.	n.p.
<i>Environmental Indicators</i>						
CO ₂ emissions	kg/MWh	n.r.	n.r.	n.r.	n.r.	n.p.
Particulate emissions	kg/MWh	n.r.	n.r.	n.r.	n.r.	n.p.
NO _x emissions	kg/MWh	n.r.	n.r.	n.r.	n.r.	n.p.

DELTA ELECTRICITY (continued)

NOTES TO INDICATORS FOR DELTA ELECTRICITY

Key: n.p. - not provided; n.r. - not relevant.

- 1) Delta Electricity commenced operations on 1 March 1996. Figure reported is the annualised result for the four months to 30 June 1996.
- 2) Delta Electricity is liable for all taxes including Income Tax Equivalents being paid directly to the NSW government under its Tax Equivalents Regime.
- 3) Assets are valued at cost on transfer.

MACQUARIE GENERATION

New South Wales

Comments on own performance

Macquarie Generation is a new electricity generator established on 1 March 1996 in line with reforms in the NSW Electricity Industry. These reforms have deregulated the industry and created an environment for competition in the market place.

Macquarie Generation owns and operates the Bayswater and Liddell Power Stations located in the Upper Hunter Valley. The two Stations have a combined capacity of 4640 MW and contribute 42 per cent of the State's electricity supply.

Macquarie Generation sells its electricity into the State wholesale market. This provides an opportunity to prepare for our entry into the National Market where we will also be competing against generators from other States.

Most sales in 1995–96 resulted from managed or 'vested' contracts with distributors. These contracts will decrease during 1997 and beyond as more customers become contestable and bilateral contracts will become more prevalent.

Macquarie Generation began well in 1995–96, establishing a strong identity and market position as well as controlling costs below budget levels. These pleasing results are reflected in our Annual Report and the following financial indicators.

MACQUARIE GENERATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Financial Ratios (2)						
Return on assets (1)	%	n.r.	n.r.	n.r.	n.r.	10.9
Return on operating assets (1)	%	n.r.	n.r.	n.r.	n.r.	11.0
Operating sales margin	%	n.r.	n.r.	n.r.	n.r.	28.9
Return on equity (1)	%	n.r.	n.r.	n.r.	n.r.	10.4
Dividend to equity ratio (1)	%	n.r.	n.r.	n.r.	n.r.	8.0
Dividend payout ratio	%	n.r.	n.r.	n.r.	n.r.	76.6
Debt to equity	%	n.r.	n.r.	n.r.	n.r.	149.5
Total liabilities to equity	%	n.r.	n.r.	n.r.	n.r.	171.1
Current ratio	%	n.r.	n.r.	n.r.	n.r.	100.9
Interest cover	%	n.r.	n.r.	n.r.	n.r.	224.4
Cost recovery ratio	%	n.r.	n.r.	n.r.	n.r.	139.5
Operational performance (1)	%	n.r.	n.r.	n.r.	n.r.	10.7

Non-financial Ratios**GENERAL****Economic Factors**

Total factor productivity	Index	n.r.	n.r.	n.r.	n.r.	n.p.
Economic rate of return	%	n.r.	n.r.	n.r.	n.r.	n.p.

Efficiency

Total days lost:						
- industrial disputes	%	n.r.	n.r.	n.r.	n.r.	n.p.
- sick leave	%	n.r.	n.r.	n.r.	n.r.	n.p.
- industrial accidents	%	n.r.	n.r.	n.r.	n.r.	n.p.
- all	%	n.r.	n.r.	n.r.	n.r.	n.p.

Size

Total assets	\$M	n.r.	n.r.	n.r.	n.r.	2 518
Total revenue	\$M	n.r.	n.r.	n.r.	n.r.	311
System maximum demand	MW	n.r.	n.r.	n.r.	n.r.	n.r.
Average total employment	No	n.r.	n.r.	n.r.	n.r.	826
Service area	Sq km	n.r.	n.r.	n.r.	n.r.	n.r.

Safety

Lost time injury frequency rate	No/Mil.Hrs	n.r.	n.r.	n.r.	n.r.	n.p.
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MACQUARIE GENERATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>GENERATION</i>						
<i>Efficiency</i>						
Load factor	%	n.r.	n.r.	n.r.	n.r.	n.p.
Capacity factor:	%	n.r.	n.r.	n.r.	n.r.	n.p.
Reserve plant margin:	%	n.r.	n.r.	n.r.	n.r.	n.r.
Equivalent available factor	%	n.r.	n.r.	n.r.	n.r.	n.p.
Labour productivity (excluding construction & mine employees)	GWh/Emp	n.r.	n.r.	n.r.	n.r.	n.p.
Thermal efficiency	%	n.r.	n.r.	n.r.	n.r.	n.p.
<i>Service Quality</i>						
Equivalent forced outage factor	%	n.r.	n.r.	n.r.	n.r.	n.p.
Planned outage factor	%	n.r.	n.r.	n.r.	n.r.	n.p.
<i>Size</i>						
Total physical output generated	GWh	n.r.	n.r.	n.r.	n.r.	n.p.
Generating plant capacity	MW	n.r.	n.r.	n.r.	n.r.	n.p.
Changes in generating plant capacity						
- plant added	MW	n.r.	n.r.	n.r.	n.r.	n.p.
- plant decommissioned	MW	n.r.	n.r.	n.r.	n.r.	n.p.
- plant in dry storage	MW	n.r.	n.r.	n.r.	n.r.	n.p.
<i>Cost & Revenue Measures</i>						
Operation and maintenance costs:						
- excluding fixed costs:						
- - excluding fuel cost	\$/MWh	n.r.	n.r.	n.r.	n.r.	n.p.
- - including fuel cost	\$/MWh	n.r.	n.r.	n.r.	n.r.	n.p.
- including fixed costs:						
- - excluding fuel cost	\$/MWh	n.r.	n.r.	n.r.	n.r.	n.p.
- - including fuel cost	\$/MWh	n.r.	n.r.	n.r.	n.r.	n.p.
<i>Environmental Indicators</i>						
CO ₂ emissions	kg/MWh	n.r.	n.r.	n.r.	n.r.	n.p.
Particulate emissions	kg/MWh	n.r.	n.r.	n.r.	n.r.	n.p.
NO _x emissions	kg/MWh	n.r.	n.r.	n.r.	n.r.	n.p.

MACQUARIE GENERATION (continued)

NOTES TO INDICATORS FOR MACQUARIE GENERATION

Key: n.p. - not provided; n.r. - not relevant.

- 1) Macquarie Generation commenced operations on 1 March 1996. Figure reported is the annualised result for the four months to 30 June 1996.
- 2) Macquarie Generation provided a Community Service Obligation (CSO) in the form of Targeted Industry Development Incentive Scheme rebate and loss on sale of electricity to Northern Rivers. This CSO cost \$2.45 million and was funded internally.

PACIFIC POWER**New South Wales****Comments on own performance**

In October 1995 the NSW Government adopted a plan to create a competitive electricity market in NSW by the restructure Pacific Power. Two new additional generating entities, Delta Electricity and Macquarie Generation, were created on 1 March 1996 to compete with Pacific Power's Eraring Generation and hydro facilities. This date also coincided with the start of the new State competitive electricity market.

Pacific Power's business is the provision of integrated energy services in Australia and internationally. Four separate but inter-related businesses form the core of Pacific Power's future: Powercoal, Pacific Power International (PPI), Eraring Generation and alternative sources of renewable energy.

Financial performance

Pacific Power has continued to perform well in financial and operational terms while delivering price reductions to its customers. Pacific Power staff maintained the efficient and effective operation of the organisation despite what was a turbulent year. Pacific Power entity achieved an operating result of \$521.8 million in 1995-96, and will make dividend and tax payments of \$443.5 million representing 85 per cent of pre-tax profits. Return on assets and return on equity were 14.1 per cent and 13.2 per cent respectively.

As a result of the restructure, debt has been reduced from \$2.3 billion to \$0.5 billion. \$1.7 billion of debt was transferred to the new generating companies.

Non-financial performance

Pacific Power has continued its outstanding record of environmental achievements through ash utilisation, site restoration and greenhouse gas reductions. Eraring's successful re-use of effluent won the prestigious Engineering Excellence Award from the Newcastle Division of the Institution of Engineers, Australia.

PACIFIC POWER (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Financial Ratios (1,2,3,4)						
Return on assets	%	14.2	12.5	11.8	8.9	14.1
Return on operating assets	%	13.7	12.6	12.3	8.9	14.5
Operating sales margin	%	35.5	37.9	41.1	27.7	30.8
Return on equity	%	20.8	10.1	9.9	6.8	13.2
Dividend to equity ratio	%	16.5	7.2	6.5	8.1	12.9
Dividend payout ratio	%	79.3	71.1	65.7	118.9	97.1
Debt to equity	%	117.3	99.1	61.5	57.9	59.2
Total liabilities to equity	%	162.0	142.1	91.5	101.7	192.7
Current ratio	%	105.8	106.5	105.0	90.6	77.2
Interest cover	%	188.0	215.0	246.7	256.4	322.9
Cost recovery ratio	%	156.5	161.8	169.8	138.2	144.7
Operational performance	%	13.3	12.5	12.3	8.8	14.5

Non-financial Ratios**GENERAL****Economic Factors**

Total factor productivity (5)	Index	1.19	1.24	1.26	1.13	n.p.
Economic rate of return	%	n.p.	n.p.	n.p.	n.p.	n.p.

Efficiency

Total days lost:						
- industrial disputes	%	0.40	0.00	0.00	0.00	n.p.
- sick leave	%	7.40	6.50	7.30	6.90	n.p.
- industrial accidents	%	0.60	0.50	0.20	0.20	n.p.
- all	%	8.40	7.00	7.50	7.10	n.p.

Size

Total assets (4)	\$M	10 463	10 495	11 708	8 111	2 609
Total revenue	\$M	3 437	3 369	3 178	3 070	2 369
System maximum demand	MW	9 519	9 792	9 888	10 613	n.r.
Average total employment (6)	No	6 553	6 122	5 769	4 486	3 258
Service area	Sq km	659 000	659 000	659 000	659 000	n.r.

Safety

Lost time injury frequency rate	No/Mil.Hrs	24.0	22.0	11.0	10.6	n.p.
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PACIFIC POWER (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
GENERATION						
Efficiency						
Load factor (7)	%	61.9	64.6	64.9	63.2	n.p.
Capacity factor: (8)						
- incl. Snowy Mts and NSW Hydro	%	44.9	46.7	44.8	42.2	n.p.
- excl. Snowy Mts and NSW Hydro	%	52.0	53.4	51.2	52.7	n.p.
Reserve plant margin: (9)						
- including Snowy; excluding Blowering and non-winter hydro	%	36.2	41.6	48.2	38.1	n.r.
- excluding Snowy, Blowering and non-winter hydro	%	9.7	15.3	22.0	13.6	n.r.
Equivalent available factor (10)	%	86.1	88.8	90.6	87.5	n.p.
Labour productivity (excluding constr'n & mine employees) (11)	GWh/Emp	11.2	12.4	13.2	34.1	n.p.
Thermal efficiency	%	35.0	35.2	35.5	35.7	n.p.
Service Quality						
Equivalent forced outage factor	%	5.0	3.4	2.8	2.3	n.p.
Planned outage factor	%	8.8	7.8	6.6	8.7	n.p.
Size						
Total physical output generated	GWh	49 485	51 412	52 252	54 232	n.p.
Generating plant capacity (12)	MW	10 830	11 490	12 150	12 150	n.p.
Changes in generating plant capacity						
- plant added	MW	0	660	660	0	n.p.
- plant decommissioned	MW	0	0	0	0	n.p.
- plant in dry storage	MW	600	600	600	600	n.p.
Cost & Revenue Measures (13)						
Operation and maintenance costs:						
- excluding fixed costs:						
- - excluding fuel cost	\$/MWh	9.4	8.8	6.4	6.9	n.p.
- - including fuel cost	\$/MWh	24.5	22.9	20.3	20.7	n.p.
- including fixed costs:						
- - excluding fuel cost	\$/MWh	19.0	19.1	14.4	13.2	n.p.
- - including fuel cost	\$/MWh	34.0	33.2	28.2	27.1	n.p.
Environmental Indicators						
CO ₂ emissions	kg/MWh	880	870	860	857	n.p.
Particulate emissions	kg/MWh	0.25	0.23	0.10	0.10	n.p.
NO _x emissions	kg/MWh	2.2	2.2	2.2	2.2	n.p.

PACIFIC POWER (continued)

NOTES TO INDICATORS FOR PACIFIC POWER

Key: n.p. - not provided; n.r. - not relevant.

- 1) The restructure of Pacific Power on 1 March 1996 greatly reduced asset and liability balances as at June 1996. Profit & Loss items reflect 8 months of Pacific Power operating at similar generation levels to previous years and 4 months operating under the new structure with considerable reductions in revenue and expenditure levels.

The restructure has substantially effected 1995–96 results and must be considered when reviewing ratios. Also, historical comparisons are not possible due to the restructure.

There may be some discrepancy between financial ratios and figures published in Pacific Power's Annual Report and those contained in this publication because of differences in formulas used.

- 2) Dividend paid in 1991–92 includes a notional tax payment of \$219.6 million.
- 3) Pacific Power entered an income tax equivalent regime on 1 July 1992, adopting the Liability method of Tax Effect Accounting. This resulted in an Income Tax Equivalent of \$272.8 million (at 39 per cent) and an adjustment in Net Reduction in Future Income (at 33 per cent) of \$9.5 million for 1992–93.
- 4) Pacific Power revalued its assets as follows:

<i>Category of asset</i>	<i>Method of valuation</i>	<i>Date</i>	<i>Impact of revaluation</i>
Operating Power Stations - Building, Plant & Equipment	Recoverable Amount Test	1995–96	Write-down of \$847.9 m
Pacific Power Building	Market Value	1995–96	Write-down of \$1.8 m
Grid System	Written down replacement cost	1993–94	Increase of \$246.2 m
Land & Staff Cottages - Building	Market Value	1992–93	Increase of \$24.8 m

- 5) These are unilateral Total Factor Productivity (TFP) results measuring Pacific Power's TFP growth (decline) over time. The index is based at 1978–79=1. The TFP series up to 1993–94 is based on both generation and transmission activities whereas the 1994–95 result is based on generation activities only and as such is not comparable to results recorded in previous years.

TFP is no longer calculated within Pacific Power and therefore is not provided for 1995–96.

PACIFIC POWER (continued)

NOTES TO INDICATORS FOR PACIFIC POWER (continued)

- 6) *Average real employment* calculated on a monthly basis.
- 7) Includes annual generation of all Pacific Power units, including the Snowy Mountains system and NSW hydro plant.
- 8) *Capacity factor* figures include both energy limited and non-limited.
- 9) *Reserve plant margin* calculated on a calendar year basis.
- 10) Applies to Pacific Power's thermal plant only.
- 11) *Labour productivity* for 1994–95 based on core generation staff.
- 12) *Generating plant capacity* based on maximum dependable capacity and includes NSW hydro and 50 per cent of Hume (25 MW) but excludes Snowy plant.
- 13) Operation and Maintenance costs include site costs, as well as head office labour and Operation and Maintenance costs. Excludes labour employed in capital works. Consistency across utilities might be difficult to obtain due to differences in the valuation and treatment of on-cost and in accounting practices in relation to fixed costs.

PACIFIC POWER (continued)

TRANSGRID

New South Wales

Comments on own performance

TransGrid was formed on 1 February 1995 under the *Electricity Transmission Authority Act 1994* to transmit electricity from its generator customers to distributors and bulk industrial customers, as well as interchange connections with interstate utilities. The organisation has six separate business units and is structured around its core processes of Manage the Network, Manage the Market and Support the Business.

TransGrid has had a primary role in the development and operation of the NSW wholesale electricity market, as well as successfully performing the role of State Market and System Operator. This second role required establishing, maintaining and operating new wholesale trading arrangements. In connection with the upcoming National Electricity Market, TransGrid has been involved in a joint venture project with the Victorian Power Exchange to develop appropriate information systems for the market.

Financial performance

TransGrid continued to further establish itself as an independent business and produced a solid reduction in the organisation's debt profile, *Debt to Equity* and *Total Liabilities to Equity* ratios, and controllable costs. There was also more efficient use of TransGrid assets as measured by the improvement in the *Return on Assets* ratios. A significant dividend of \$59.8 million was paid to the NSW State Government.

Non-financial performance

The outstanding transmission system reliability figure of 99.9998 per cent was obtained through substantial reductions in the number and duration of outages, judicious retirement of obsolete equipment and technology, and improved maintenance and safety procedures.

As a result of the progress of the State Electricity Market, Connection Agreements with all TransGrid customers were initiated throughout the year. TransGrid also successfully met prudential, legal, operational and legislative Code of Conduct requirements.

There has been an on-going commitment towards a greater international awareness of the organisation's technical and engineering expertise via a number of successful overseas bids and consultancies, as well as numerous local projects.

With regard to supporting the business, the organisation successfully implemented the *TransGrid Employees Enterprise Agreement*, continued to avoid any industrial dispute stoppages, and reduced industrial accidents (on a pro-rata basis).

TransGrid maintained its commitment to quality assurance systems, with on-going training and both internal and external audits throughout the year.

TRANSGRID (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Financial Ratios						
Return on assets (1)	%	n.r.	n.r.	n.r.	8.7	9.5
Return on operating assets (1)	%	n.r.	n.r.	n.r.	8.7	9.6
Operating sales margin	%	n.r.	n.r.	n.r.	44.2	49.6
Return on equity (1)	%	n.r.	n.r.	n.r.	4.9	5.9
Dividend to equity ratio (1)	%	n.r.	n.r.	n.r.	4.1	5.9
Dividend payout ratio	%	n.r.	n.r.	n.r.	84.9	100.6
Debt to equity	%	n.r.	n.r.	n.r.	99.8	83.3
Total liabilities to equity	%	n.r.	n.r.	n.r.	112.9	102.1
Current ratio	%	n.r.	n.r.	n.r.	22.7	40.9
Interest cover	%	n.r.	n.r.	n.r.	159.1	192.0
Cost recovery ratio	%	n.r.	n.r.	n.r.	204.1	196.0
Operational performance (1)	%	n.r.	n.r.	n.r.	10.0	9.3

Non-financial Ratios**GENERAL****Economic Factors**

Total factor productivity (2)	Index	0.84	0.87	0.95	1.00	1.05
Economic rate of return	%	n.r.	n.r.	n.r.	n.p.	n.p.

Efficiency

Total days lost:						
- industrial disputes	%	n.r.	n.r.	n.r.	0.00	0.00
- sick leave	%	n.r.	n.r.	n.r.	3.37	2.58
- industrial accidents	%	n.r.	n.r.	n.r.	0.05	0.13
- all	%	n.r.	n.r.	n.r.	3.42	2.71

Size

Total assets	\$M	n.r.	n.r.	n.r.	2 021	2 166
Total revenue	\$'000	n.r.	n.r.	n.r.	165	402
System maximum demand	MW	9 393	9 504	9 548	10 245	10 228
Average total employment	Emp	n.r.	n.r.	n.r.	1 298	1 265
Service area	Sq km	659 000	659 000	659 000	659 000	659 000

Safety

Lost time injury frequency rate	No/Mil.Hrs	n.r.	n.r.	n.r.	5.8	8.0
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TRANSGRID (continued)

	<i>Units</i>	<i>1991–92</i>	<i>1992–93</i>	<i>1993–94</i>	<i>1994–95</i>	<i>1995–96</i>
TRANSMISSION						
<i>Efficiency</i>						
Transmission system reliability (3)	1/Mill	n.p.	11.7	11.7	14.6	1.8
Transmission labour productivity	GWh/Emp	n.r.	n.r.	n.r.	41.7	44.5
Transmission equipment utilisation factor (4)	Ratio	0.26	0.26	0.26	0.26	0.27
Transmission losses	%	3.1	2.9	2.8	2.8	2.7
<i>Size</i>						
Transmission transformer capacity (5)	MVA	25 984	26 954	26 954	27 719	27 632
Transmission circuit kilometres (6)	km	12 632	12 840	12 839	12 798	12 861
<i>Cost & Revenue Measures (7)</i>						
Operation and maintenance costs:						
- excluding fixed costs:						
- - per circuit km (8)	\$/km	8 852	8 972	9 169	7 937	6 940
- - per MWh sold	\$/MWh	2.30	2.20	2.30	1.89	1.60
- including fixed costs:						
- - per circuit km (8)	\$/km	21 439	24 226	20 253	23 736	23 723
- - per MWh sold	\$/MWh	5.50	6.10	5.00	5.67	5.40

NOTES TO INDICATORS FOR TRANSGRID

Key: n.p. - not provided; n.r. - not relevant.

- 1) TransGrid commenced operations on 1 February 1995. Figure reported for 1994–95 is the annualised result for the five months from February to June 1995.

There may be some discrepancy between financial ratios and figures published in the Annual Report and those contained in this publication because of differences in formulas used.

- 2) Total factor productivity in this case compares energy delivered with an index of all transmission network inputs. Inputs include network operation and maintenance, engineering and planning, system control and all corporate overheads but exclude the market development function, as this is only attributable to TransGrid since 1995–96. The total factor productivity index has been adjusted downwards to remove the significant impact of recent asset transfers.

TRANSGRID (continued)

NOTES TO INDICATORS FOR TRANSGRID (continued)

- 3) *Transmission system reliability* has been calculated as a parts per million ratio of energy not supplied to energy demanded.
- 4) *Transmission equipment utilisation factor* includes transmission transformers MVA capacity only (that is, 500kV, 330kV or 220kV), and excludes all transformers less than or equal to 132kV.
- 5) Station spare (or disconnected) transformers are not included in the *Transmission transformer capacity* figure. The figure also excludes generator transformers, auxiliary transformers, and all transformers less than 77kV.
- 6) *Transmission circuit kilometres* includes transmission overhead lines and underground cables 77kV and above.
- 7) Consistency across utilities for Operation and Maintenance costs might be difficult to obtain due to differences in the valuation and treatment of on-costs, and in accounting practices in relation to fixed costs.
- 8) Figure for 1994–95 has been annualised.

ADVANCE ENERGY**New South Wales****Comments on own performance***Background*

Advance Energy was established as a State Owned Corporation on 1 March 1996 in conjunction with the New South Wales electricity market reform.

Advance Energy supplies energy to 116 000 customers within and outside its franchise region. Our franchise region and distribution network are located in Central New South Wales and cover a geographical area of 167 000 square kilometres. Advance Energy has total assets of \$320 million and approximate sales revenue of \$200 million per annum.

Current Operations

As an energy services corporation, Advance Energy provides energy sales and distribution advice and services to customers. Our efforts to develop a dynamic business produced immediate success in the competitive market during May 1996. Advance Energy was the first New South Wales distributor to win business outside its franchise area. This success has since continued.

Advance Energy has rapidly worked through the amalgamation process. A new commercial structure, corporate identity and strategic plan are developed. Importantly, the process of restructuring, including a voluntary exit program has been successfully completed, enabling the organisation to focus on improved customer service, business success and meeting the challenge of the new competitive environment.

Completion of the restructuring process prior to the end of 1996 has enabled Advance Energy to concentrate on process improvement and commercialisation. Process efficiency has improved profitability.

Performance

The financial results for the 1995–96 year combine the five former distributors to 28 February and the newly corporatised Advance Energy for the four month period to 30 June 1996. The results should be considered in light of the amalgamation and corporatisation reform process. In particular, the provision for restructure and asset revaluation have had a significant effect on Advance Energy's operating result. Details of the impact of abnormal expenses on the published financial ratios is given in a footnote.

ADVANCE ENERGY (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Financial Ratios						
Return on assets (1,2)	%	n.r.	n.r.	n.r.	n.r.	- 1.4
Return on operating assets (1)	%	n.r.	n.r.	n.r.	n.r.	- 2.4
Operating sales margin (1)	%	n.r.	n.r.	n.r.	n.r.	- 3.9
Return on equity (1)	%	n.r.	n.r.	n.r.	n.r.	- 3.8
Dividend to equity ratio	%	n.r.	n.r.	n.r.	n.r.	0.8
Dividend payout ratio (1)	%	n.r.	n.r.	n.r.	n.r.	- 20.1
Debt to equity	%	n.r.	n.r.	n.r.	n.r.	12.3
Total liabilities to equity	%	n.r.	n.r.	n.r.	n.r.	41.6
Current ratio	%	n.r.	n.r.	n.r.	n.r.	98.7
Interest cover (1)	%	n.r.	n.r.	n.r.	n.r.	- 188.5
Cost recovery ratio (1)	%	n.r.	n.r.	n.r.	n.r.	106.8
Operational performance (1)	%	n.r.	n.r.	n.r.	n.r.	3.9

Non-financial Ratios**GENERAL****Economic Factors**

Total factor productivity	Index	n.r.	n.r.	n.r.	n.r.	n.p.
Economic rate of return	%	n.r.	n.r.	n.r.	n.r.	n.p.

Efficiency

Total days lost:						
- industrial disputes	%	n.r.	n.r.	n.r.	n.r.	0.00
- sick leave	%	n.r.	n.r.	n.r.	n.r.	3.05
- industrial accidents	%	n.r.	n.r.	n.r.	n.r.	0.23
- all	%	n.r.	n.r.	n.r.	n.r.	3.28

Effectiveness

Percentage price change:						
- residential	%	n.r.	n.r.	n.r.	n.r.	0.0
- other	%	n.r.	n.r.	n.r.	n.r.	-3.6
- overall	%	n.r.	n.r.	n.r.	n.r.	-1.5
Real price index:						
- residential	Index	n.r.	n.r.	n.r.	100.0	95.2
- other	Index	n.r.	n.r.	n.r.	100.0	91.8
- overall	Index	n.r.	n.r.	n.r.	100.0	93.8

ADVANCE ENERGY (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
GENERAL (continued)						
<i>Size</i>						
Total assets (2)	\$M	n.r.	n.r.	n.r.	n.r.	319
Total revenue	\$M	n.r.	n.r.	n.r.	n.r.	189
System maximum demand	MW	n.r.	n.r.	n.r.	n.r.	360
Average total employment	No	n.r.	n.r.	n.r.	n.r.	588
Service area	Sq km	n.r.	n.r.	n.r.	n.r.	167 272
<i>Safety</i>						
Lost time injury frequency rate	No/Mil.Hrs	n.r.	n.r.	n.r.	n.r.	27.0
DISTRIBUTION						
<i>Efficiency</i>						
Distribution labour productivity	Cus/Emp	n.r.	n.r.	n.r.	n.r.	197
Distribution equipment utilisation factor	Ratio	n.r.	n.r.	n.r.	n.r.	0.15
Sub-transmission equipment utilisation factor	Ratio	n.r.	n.r.	n.r.	n.r.	0.15
Distribution losses	%	n.r.	n.r.	n.r.	n.r.	7.6
<i>Service Quality</i>						
Outage response time factor	Min	n.r.	n.r.	n.r.	n.r.	127.4
- planned	Min	n.r.	n.r.	n.r.	n.r.	163.4
- unplanned	Min	n.r.	n.r.	n.r.	n.r.	121.6
System average outage frequency factor	No/Cus	n.r.	n.r.	n.r.	n.r.	1.72
- planned	No/Cus	n.r.	n.r.	n.r.	n.r.	0.24
- unplanned	No/Cus	n.r.	n.r.	n.r.	n.r.	1.48
Loss of supply factor	Min/Cus	n.r.	n.r.	n.r.	n.r.	218.9
- planned	Min/Cus	n.r.	n.r.	n.r.	n.r.	38.8
- unplanned	Min/Cus	n.r.	n.r.	n.r.	n.r.	180.1

ADVANCE ENERGY (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>DISTRIBUTION (continued)</i>						
<i>Size</i>						
Total number of customers:						
- residential	'000	n.r.	n.r.	n.r.	n.r.	86
- other	'000	n.r.	n.r.	n.r.	n.r.	30
- overall	'000	n.r.	n.r.	n.r.	n.r.	116
Total physical output sold to:						
- residential	GWh	n.r.	n.r.	n.r.	n.r.	545
- other	GWh	n.r.	n.r.	n.r.	n.r.	1 418
- overall	GWh	n.r.	n.r.	n.r.	n.r.	1 963
Distribution transformer capacity	MVA	n.r.	n.r.	n.r.	n.r.	1 115
Distribution circuit kilometres	km	n.r.	n.r.	n.r.	n.r.	40 198
Customer density:						
- customers per distribution circuit kilometre	Cus/km	n.r.	n.r.	n.r.	n.r.	2.88
- sales (MWh) per circuit kilometre	MWh/km	n.r.	n.r.	n.r.	n.r.	48.83
<i>Cost & Revenue Measures</i>						
Average price of product:						
- residential	\$/MWh	n.r.	n.r.	n.r.	n.r.	94.2
- other	\$/MWh	n.r.	n.r.	n.r.	n.r.	92.9
- overall	\$/MWh	n.r.	n.r.	n.r.	n.r.	93.3
Operating and maintenance costs						
- excluding fixed costs:						
- - per circuit km	\$/km	n.r.	n.r.	n.r.	n.r.	791.38
- - per MWh sold	\$/MWh	n.r.	n.r.	n.r.	n.r.	16.43
- including fixed costs:						
- - per circuit km	\$/km	n.r.	n.r.	n.r.	n.r.	1156.67
- - per MWh sold	\$/MWh	n.r.	n.r.	n.r.	n.r.	24.01

ADVANCE ENERGY (continued)

NOTES TO INDICATORS FOR ADVANCE ENERGY

Key: n.p. - not provided; n.r. - not relevant.

- 1) Reported financial ratios incorporate abnormal expenses of \$19.0 million relating to the amalgamation and corporatisation process. When these expenses are excluded from total expenses, financial ratios for Advance Energy for 1995–96 are:

Return on assets	4.6 %
Return on operating assets	3.9 %
Operating sales margin	6.3 %
Return on equity	4.7 %
Dividend to equity ratio	0.8 %
Dividend payout ratio	16.2 %
Debt to equity	12.3 %
Total liabilities to equity	41.6 %
Current ratio	98.7 %
Interest cover	631.9 %
Cost recovery ratio	120.0 %
Operational performance	10.1 %

- 2) Advance Energy revalued its assets as follows:

<i>Category of asset</i>	<i>Method of valuation</i>	<i>Date of revaluation</i>	<i>Impact of revaluation</i>
System assets	Recoverable amount	29 February 1996	Write-down of assets by approximately \$91m
Land and buildings	Market value	29 February 1996	No material adjustment

ADVANCE ENERGY (continued)

AUSTRALIAN INLAND ENERGY**New South Wales****Comments on own performance***Background*

Under the provision of the *Electricity Act 1995*, Far West Energy was formed on 1 October 1995 from a merger of Broken Hill Electricity and the Wentworth and Balranald Regions of Murray River Electricity.

Far West Energy was then corporatised under the *Energy Service Corporation Act 1995* on 1 March 1996 as a statutory state Owned Corporation with an issued capital of two dollars. Shares of one dollar each were issued to the Treasurer and the Minister of Police.

On 1 May 1996, Far West Energy was renamed Australian Inland Energy by the new board of directors.

Australian Inland Energy is responsible for electricity distribution in the far west region of New South Wales. The area of supply is bordered by the Queensland, South Australian and Victorian borders to the north, west and south respectively.

Current operations

Australian Inland Energy distributes electricity to an area of approximately 170 000 square kilometres and serves approximately 20 000 customers.

The major population centres in its distribution area are: Broken Hill, Menindee, Wilcannia, White Cliffs, Tibooburra, Wentworth, Balranald, Moulamein, Tooleybuc, Euston, Buronga, Wakool, Dareton, Gol Gol and Koraleigh. Electricity is also provided to parts of Central Darling Shire and the Unincorporated Area of Western New South Wales.

Our current operations include system maintenance, system operation, system construction and augmentation of electricity reticulation assets, meter reading and community service obligations.

Our mission is to provide quality electricity at competitive prices to satisfy our customers' needs.

Performance

Australian Inland Energy's financial performance should be considered in light of the amalgamation and corporatisation reform process. In particular, the \$10.9 million write down on non-current assets and restructuring provision of \$0.3 million have had a significant effect on operating results. Details of the impact of abnormal expenses on the published financial ratios are given in a footnote.

AUSTRALIAN INLAND ENERGY (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Financial Ratios						
Return on assets (1)	%	n.p.	n.p.	n.p.	n.p.	- 25.2
Return on operating assets (1)	%	n.p.	n.p.	n.p.	n.p.	- 28.3
Operating sales margin (1)	%	n.p.	n.p.	n.p.	n.p.	- 39.1
Return on equity (1)	%	n.p.	n.p.	n.p.	n.p.	- 30.2
Dividend to equity ratio	%	n.p.	n.p.	n.p.	n.p.	0.0
Dividend payout ratio (1)	%	n.p.	n.p.	n.p.	n.p.	0.0
Debt to equity	%	n.p.	n.p.	n.p.	n.p.	0.0
Total liabilities to equity	%	n.p.	n.p.	n.p.	n.p.	20.0
Current ratio	%	n.p.	n.p.	n.p.	n.p.	251.7
Interest cover (1)	%	n.p.	n.p.	n.p.	n.p.	n.r.
Cost recovery ratio (1)	%	n.p.	n.p.	n.p.	n.p.	99.3
Operational performance (1)	%	n.p.	n.p.	n.p.	n.p.	- 0.5

Non-financial Ratios**GENERAL****Economic Factors**

Total factor productivity	Index	n.r.	n.r.	n.r.	n.r.	n.p.
Economic rate of return	%	n.r.	n.r.	n.r.	n.r.	n.p.

Efficiency

Total days lost:						
- industrial disputes	%	n.r.	n.r.	n.r.	n.r.	0.00
- sick leave	%	n.r.	n.r.	n.r.	n.r.	1.88
- industrial accidents	%	n.r.	n.r.	n.r.	n.r.	0.31
- all	%	n.r.	n.r.	n.r.	n.r.	2.19

Effectiveness

Percentage price change:						
- residential	%	n.r.	n.r.	n.r.	n.r.	-3.45
- other	%	n.r.	n.r.	n.r.	n.r.	9.83
- overall	%	n.r.	n.r.	n.r.	n.r.	6.03
Real price index:						
- residential	Index	n.r.	n.r.	n.r.	100.0	91.9
- other	Index	n.r.	n.r.	n.r.	100.0	104.6
- overall	Index	n.r.	n.r.	n.r.	100.0	100.9

AUSTRALIAN INLAND ENERGY (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
GENERAL (continued)						
<i>Size</i>						
Total assets	\$M	n.r.	n.r.	n.r.	n.r.	45
Total revenue	\$'000	n.r.	n.r.	n.r.	n.r.	30
System maximum demand	MW	n.r.	n.r.	n.r.	n.r.	65
Average total employment	No	n.r.	n.r.	n.r.	n.r.	100
Service area	Sq km	n.r.	n.r.	n.r.	n.r.	170 000
<i>Safety</i>						
Lost time injury frequency rate	No/Mil.Hrs	n.r.	n.r.	n.r.	n.r.	37.0
DISTRIBUTION						
<i>Efficiency</i>						
Distribution labour productivity	Cus/Emp	n.r.	n.r.	n.r.	n.r.	189
Distribution equipment utilisation factor	Ratio	n.r.	n.r.	n.r.	n.r.	0.23
Sub-transmission equipment utilisation factor	Ratio	n.r.	n.r.	n.r.	n.r.	0.31
Distribution losses	%	n.r.	n.r.	n.r.	n.r.	6.7
<i>Service Quality</i>						
Outage response time factor	Min	n.r.	n.r.	n.r.	n.r.	94.0
- planned	Min	n.r.	n.r.	n.r.	n.r.	130.0
- unplanned	Min	n.r.	n.r.	n.r.	n.r.	65.0
System average outage frequency factor	No/Cus	n.r.	n.r.	n.r.	n.r.	1.71
- planned	No/Cus	n.r.	n.r.	n.r.	n.r.	0.59
- unplanned	No/Cus	n.r.	n.r.	n.r.	n.r.	1.11
Loss of supply factor	Min/Cus	n.r.	n.r.	n.r.	n.r.	161.30
- planned	Min/Cus	n.r.	n.r.	n.r.	n.r.	83.60
- unplanned	Min/Cus	n.r.	n.r.	n.r.	n.r.	77.71

AUSTRALIAN INLAND ENERGY (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>DISTRIBUTION (continued)</i>						
<i>Size</i>						
Total number of customers:						
- residential	'000	n.r.	n.r.	n.r.	n.r.	12
- other	'000	n.r.	n.r.	n.r.	n.r.	7
- overall	'000	n.r.	n.r.	n.r.	n.r.	19
Total physical output sold to:						
- residential	GWh	n.r.	n.r.	n.r.	n.r.	74
- other	GWh	n.r.	n.r.	n.r.	n.r.	290
- overall	GWh	n.r.	n.r.	n.r.	n.r.	364
Distribution transformer capacity	MVA	n.r.	n.r.	n.r.	n.r.	174
Distribution circuit kilometres	km	n.r.	n.r.	n.r.	n.r.	9 093
Customer density:						
- customers per distribution circuit kilometre	Cus/km	n.r.	n.r.	n.r.	n.r.	2.08
- sales (MWh) per circuit kilometre	MWh/km	n.r.	n.r.	n.r.	n.r.	40.02
<i>Cost & Revenue Measures</i>						
Average price of product:						
- residential	\$/MWh	n.r.	n.r.	n.r.	n.r.	92.6
- other	\$/MWh	n.r.	n.r.	n.r.	n.r.	78.6
- overall	\$/MWh	n.r.	n.r.	n.r.	n.r.	82.2
Operating and maintenance costs						
- excluding fixed costs:						
- - per circuit km	\$/km	n.r.	n.r.	n.r.	n.r.	2948.72
- - per MWh sold	\$/MWh	n.r.	n.r.	n.r.	n.r.	73.68
- including fixed costs:						
- - per circuit km	\$/km	n.r.	n.r.	n.r.	n.r.	3132.36
- - per MWh sold	\$/MWh	n.r.	n.r.	n.r.	n.r.	78.27

AUSTRALIAN INLAND ENERGY (continued)

NOTES TO INDICATORS FOR AUSTRALIAN INLAND ENERGY

Key: n.p. - not provided; n.r. - not relevant.

- 1) Reported financial ratios incorporate \$11.5 million of abnormal expenses attributable to the restructuring and corporatisation process. When these expenses are excluded from total expenses, financial ratios for Australian Inland Energy for 1995–96 are:

Return on assets	0.5 %
Return on operating assets	- 0.5 %
Operating sales margin	- 0.7 %
Return on equity	0.6 %
Dividend to equity ratio	0.0 %
Dividend payout ratio	0.0 %
Debt to equity	0.0 %
Total liabilities to equity	20.0 %
Current ratio	251.7 %
Interest cover	n.r.
Cost recovery ratio	160.5 %
Operational performance	27.3 %

AUSTRALIAN INLAND ENERGY (continued)

ENERGYAUSTRALIA

New South Wales

Comments on own performance

EnergyAustralia was constituted as a state owned corporation on 1 March 1996 under the *Energy Services Corporations Act 1995* and the *Electricity Supply Act 1995*. It represents the merger of the Former Sydney Electricity and Orion Energy, and is the largest electricity retailer in Australia supplying nearly half of all NSW customers. It is responsible to the NSW Ministry for Energy for the performance of all functions relating to energy distribution and the supply of competitive energy services that satisfy customers' requirements. Covering over 22 000 square kilometres, EnergyAustralia services a community of nearly 3 million people, has annual revenues of \$2.0 billion, and assets valued at \$3.5 billion.

Since commencing operations as a merged corporatised body the organisation continues on its path of rapid transformation. A corporate plan, structure and identity focussing on success in the new competitive energy markets has resulted from the restructuring process.

Combining the performances of Sydney Electricity and Orion Energy, and EnergyAustralia's performance in the last financial year, substantial gains have been realised:

- Operating cost per customer reduced by 21 per cent in the past four years;
- Power supply system reliability improved by 24 per cent since 1991–92;
- Safety performance improved by 70 per cent since 1991–92;
- Labour productivity improved by 73 per cent in the past four years;
- \$423.2 million distributed back to the NSW community in the past five years, including tax equivalents, dividends, and rebates on pensioners power bills; and
- Since 1991–92, average prices have fallen by 20 per cent in real terms.

Restructuring the NSW electricity distribution sector and reducing the number of electricity distributors has significantly altered the conditions in which NSW electricity suppliers operate. Coupled with imminent national competition, the challenge for achieving world class efficiencies and business growth is well laid down. As a large corporate player EnergyAustralia is firmly placed to meet the new challenges and provide state, national, and international customers with competitive, value added energy services and solutions.

EnergyAustralia's Corporate Purpose is to *strive to be the supplier of choice for our customers, the employer of choice for our people, the investment of choice for our shareholder, and a company committed to growth, integrity, and excellence.*

Financial Ratios

ENERGYAUSTRALIA (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Return on assets (1)	%	n.r.	n.r.	n.r.	n.r.	1.5
Return on operating assets (1)	%	n.r.	n.r.	n.r.	n.r.	1.2
Operating sales margin (1)	%	n.r.	n.r.	n.r.	n.r.	2.0
Return on equity (1)	%	n.r.	n.r.	n.r.	n.r.	- 1.2
Dividend to equity ratio	%	n.r.	n.r.	n.r.	n.r.	2.1
Dividend payout ratio (1)	%	n.r.	n.r.	n.r.	n.r.	- 184.3
Debt to equity	%	n.r.	n.r.	n.r.	n.r.	83.2
Total liabilities to equity	%	n.r.	n.r.	n.r.	n.r.	138.0
Current ratio	%	n.r.	n.r.	n.r.	n.r.	76.1
Interest cover (1)	%	n.r.	n.r.	n.r.	n.r.	76.6
Cost recovery ratio (1)	%	n.r.	n.r.	n.r.	n.r.	112.3
Operational performance (1)	%	n.r.	n.r.	n.r.	n.r.	6.3

Non-financial Ratios**GENERAL*****Economic Factors***

Total factor productivity	Index	n.r.	n.r.	n.r.	n.r.	n.p.
Economic rate of return	%	n.r.	n.r.	n.r.	n.r.	n.p.

Efficiency

Total days lost:						
- industrial disputes	%	n.r.	n.r.	n.r.	n.r.	0.00
- sick leave	%	n.r.	n.r.	n.r.	n.r.	2.77
- industrial accidents	%	n.r.	n.r.	n.r.	n.r.	0.15
- all	%	n.r.	n.r.	n.r.	n.r.	2.92

Effectiveness

Percentage price change:						
- residential	%	n.r.	n.r.	n.r.	n.r.	0.3
- other	%	n.r.	n.r.	n.r.	n.r.	-2.9
- overall	%	n.r.	n.r.	n.r.	n.r.	-1.7
Real price index: (2)						
- residential	Index	n.r.	n.r.	n.r.	100.0	97.1
- other	Index	n.r.	n.r.	n.r.	100.0	94.0
- overall	Index	n.r.	n.r.	n.r.	100.0	95.1

GENERAL (continued)

ENERGYAUSTRALIA (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>Size</i>						
Total assets	\$M	n.r.	n.r.	n.r.	n.r.	3 634
Total revenue	\$M	n.r.	n.r.	n.r.	n.r.	1 981
System maximum demand	MW	n.r.	n.r.	n.r.	n.r.	4 252
Average total employment	No	n.r.	n.r.	n.r.	n.r.	4 407
Service area	Sq km	n.r.	n.r.	n.r.	n.r.	22 275
<i>Safety</i>						
Lost time injury frequency rate	No/Mil.Hrs	n.r.	n.r.	n.r.	n.r.	12.8
DISTRIBUTION						
<i>Efficiency</i>						
Distribution labour productivity	Cus/Emp	n.r.	n.r.	n.r.	n.r.	337
Distribution equipment utilisation factor	Ratio	n.r.	n.r.	n.r.	n.r.	0.23
Sub-transmission equipment utilisation factor	Ratio	n.r.	n.r.	n.r.	n.r.	0.26
Distribution losses	%	n.r.	n.r.	n.r.	n.r.	4.6
<i>Service Quality</i>						
Outage response time factor	Min	n.r.	n.r.	n.r.	n.r.	73.3
- planned	Min	n.r.	n.r.	n.r.	n.r.	214.3
- unplanned	Min	n.r.	n.r.	n.r.	n.r.	70.0
System average outage frequency factor	No/Cus	n.r.	n.r.	n.r.	n.r.	1.13
- planned	No/Cus	n.r.	n.r.	n.r.	n.r.	0.03
- unplanned	No/Cus	n.r.	n.r.	n.r.	n.r.	1.10
Loss of supply factor	Min/Cus	n.r.	n.r.	n.r.	n.r.	82.8
- planned	Min/Cus	n.r.	n.r.	n.r.	n.r.	5.4
- unplanned	Min/Cus	n.r.	n.r.	n.r.	n.r.	77.4

DISTRIBUTION (continued)

ENERGYAUSTRALIA (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>Size</i>						
Total number of customers:						
- residential	'000	n.r.	n.r.	n.r.	n.r.	1 192
- other	'000	n.r.	n.r.	n.r.	n.r.	138
- overall	'000	n.r.	n.r.	n.r.	n.r.	1 330
Total physical output sold to:						
- residential	GWh	n.r.	n.r.	n.r.	n.r.	7 804
- other	GWh	n.r.	n.r.	n.r.	n.r.	13 380
- overall	GWh	n.r.	n.r.	n.r.	n.r.	21 184
Distribution transformer capacity	MVA	n.r.	n.r.	n.r.	n.r.	9 332
Distribution circuit kilometres	km	n.r.	n.r.	n.r.	n.r.	50 322
Customer density:						
- customers per distribution circuit kilometre	Cus/km	n.r.	n.r.	n.r.	n.r.	26.24
- sales (MWh) per circuit kilometre	MWh/km	n.r.	n.r.	n.r.	n.r.	421
<i>Cost & Revenue Measures</i>						
Average price of product:						
- residential	\$/MWh	n.r.	n.r.	n.r.	n.r.	95.4
- other	\$/MWh	n.r.	n.r.	n.r.	n.r.	90.6
- overall	\$/MWh	n.r.	n.r.	n.r.	n.r.	92.2
Operating and maintenance costs						
- excluding fixed costs:						
- - per circuit km	\$/km	n.r.	n.r.	n.r.	n.r.	5989.0
- - per MWh sold	\$/MWh	n.r.	n.r.	n.r.	n.r.	14.2
- including fixed costs:						
- - per circuit km	\$/km	n.r.	n.r.	n.r.	n.r.	10588.0
- - per MWh sold	\$/MWh	n.r.	n.r.	n.r.	n.r.	25.2

ENERGYAUSTRALIA (continued)

NOTES TO INDICATORS FOR ENERGYAUSTRALIA

Key: n.p. - not provided; n.r. - not relevant.

- 1) Reported financial ratios incorporate abnormal expenses of \$175.3 million arising from the amalgamation and corporatisation process. When these abnormal expenses are excluded from total expenses, 1995–96 financial ratios for EnergyAustralia are:

Return on assets	6.3 %
Return on operating assets	6.3 %
Operating sales margin	10.9 %
Return on equity	10.3 %
Dividend to equity ratio	2.1 %
Dividend payout ratio	20.7 %
Debt to equity	83.2 %
Total liabilities to equity	138.0 %
Current ratio	76.1 %
Interest cover	320.0 %
Cost recovery ratio	124.7 %
Operational performance	11.5 %

- 2) Base year 1994–95 = 100

ENERGYAUSTRALIA (continued)

Units *1991-92* *1992-93* *1993-94* *1994-95* *1995-96*

GREAT SOUTHERN ENERGY

New South Wales

Comments on own performance

Background

Great Southern Energy was constituted as a State Owned Corporation on 1 March 1996 following the merger of nine electricity distributors in southern New South Wales on 1 October 1995. Two water supply businesses also operate under the control of Great Southern Energy.

Current Operations

The core business involves electricity distribution to approximately 220 000 rural customers in an area representing about one quarter of New South Wales with a network of 55 900 kilometres of overhead power lines. Ancillary business activities include specialist engineering services, advice on energy efficiency and electrical appliance sales. The water business supplies approximately 34 000 customers in the Riverina region.

Commencing on 7 May 1996, a closed NSW State Competitive Electricity Market began operations involving three generators and seven retail traders. Great Southern Energy was required to purchase 85 per cent of average energy purchases in accordance with NSW Treasury requirements. Electricity prices charged to customers are overseen by the Independent Pricing & Regulatory Tribunal (IPART). Deregulation of the electricity industry in NSW has generally led to falling electricity prices, with the trend anticipated to continue as more customers become free to choose their electricity supplier under the new industry reforms. From 1 March 1996, Great Southern Energy is required to operate under a Taxation Equivalent Regime (TER) with 36 per cent taxation and 34 per cent dividend being paid to the NSW Treasury, with full TER operating from 1 July 1996.

Performance

Great Southern Energy's financial performance should be considered in light of the amalgamation and corporatisation reform process. Abnormal expenses include a restructuring provision of \$14.6 million and as at 29 February 1996, Great Southern Energy was required to apply a Recoverable Amounts Test to the business resulting in a devaluation of Network Assets requiring a charge to abnormal expenses of \$16.1 million. Details of the impact of abnormal expenses on the published financial ratios are given in a footnote.

Great Southern Energy's capital structure was assessed by Treasury with a view to bringing it more into line with the trading nature of the new organisation and was consequently required to take on \$60 million of debt financing.

GREAT SOUTHERN ENERGY (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Financial Ratios (2)						
Return on assets (1)	%	n.r.	n.r.	n.r.	n.r.	- 3.2
Return on operating assets (1)	%	n.r.	n.r.	n.r.	n.r.	- 5.4
Operating sales margin (1)	%	n.r.	n.r.	n.r.	n.r.	- 8.9
Return on equity (1)	%	n.r.	n.r.	n.r.	n.r.	- 5.9
Dividend to equity ratio	%	n.r.	n.r.	n.r.	n.r.	1.0
Dividend payout ratio (1)	%	n.r.	n.r.	n.r.	n.r.	- 16.4
Debt to equity	%	n.r.	n.r.	n.r.	n.r.	17.2
Total liabilities to equity	%	n.r.	n.r.	n.r.	n.r.	41.3
Current ratio	%	n.r.	n.r.	n.r.	n.r.	185.0
Interest cover (1)	%	n.r.	n.r.	n.r.	n.r.	- 920.4
Cost recovery ratio (1)	%	n.r.	n.r.	n.r.	n.r.	105.2
Operational performance (1)	%	n.r.	n.r.	n.r.	n.r.	3.0

Non-financial Ratios**GENERAL****Economic Factors**

Total factor productivity	Index	n.r.	n.r.	n.r.	n.r.	n.p.
Economic rate of return	%	n.r.	n.r.	n.r.	n.r.	n.p.

Efficiency

Total days lost:						
- industrial disputes	%	n.r.	n.r.	n.r.	n.r.	0.00
- sick leave	%	n.r.	n.r.	n.r.	n.r.	3.48
- industrial accidents	%	n.r.	n.r.	n.r.	n.r.	0.43
- all	%	n.r.	n.r.	n.r.	n.r.	3.91

Effectiveness

Percentage price change:						
- residential	%	n.r.	n.r.	n.r.	n.r.	0.0
- other	%	n.r.	n.r.	n.r.	n.r.	-4.5
- overall	%	n.r.	n.r.	n.r.	n.r.	-1.0
Real price index:						
- residential	Index	n.r.	n.r.	n.r.	100.0	95.0
- other	Index	n.r.	n.r.	n.r.	100.0	90.5
- overall	Index	n.r.	n.r.	n.r.	100.0	94.0

GREAT SOUTHERN ENERGY (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
GENERAL (continued)						
<i>Size</i>						
Total assets	\$M	n.r.	n.r.	n.r.	n.r.	497
Total revenue	\$M	n.r.	n.r.	n.r.	n.r.	291
System maximum demand	MW	n.r.	n.r.	n.r.	n.r.	572
Average total employment	No	n.r.	n.r.	n.r.	n.r.	970
Service area	Sq km	n.r.	n.r.	n.r.	n.r.	175 840
<i>Safety</i>						
Lost time injury frequency rate	No/Mil.Hrs	n.r.	n.r.	n.r.	n.r.	47.7
DISTRIBUTION						
<i>Efficiency</i>						
Distribution labour productivity	Cus/Emp	n.r.	n.r.	n.r.	n.r.	226
Distribution equipment utilisation factor	Ratio	n.r.	n.r.	n.r.	n.r.	0.20
Sub-transmission equipment utilisation factor	Ratio	n.r.	n.r.	n.r.	n.r.	0.18
Distribution losses	%	n.r.	n.r.	n.r.	n.r.	6.3
<i>Service Quality</i>						
Outage response time factor	Mins	n.r.	n.r.	n.r.	n.r.	94.6
- planned	Mins	n.r.	n.r.	n.r.	n.r.	0.0
- unplanned	Mins	n.r.	n.r.	n.r.	n.r.	94.6
System average outage frequency factor	No/Cus	n.r.	n.r.	n.r.	n.r.	1.97
- planned	No/Cus	n.r.	n.r.	n.r.	n.r.	0.00
- unplanned	No/Cus	n.r.	n.r.	n.r.	n.r.	1.97
Loss of supply factor	Min/Cus	n.r.	n.r.	n.r.	n.r.	186.3
- planned	Min/Cus	n.r.	n.r.	n.r.	n.r.	0.0
- unplanned	Min/Cus	n.r.	n.r.	n.r.	n.r.	186.3

GREAT SOUTHERN ENERGY (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>DISTRIBUTION (continued)</i>						
<i>Size</i>						
Total number of customers:						
- residential	'000	n.r.	n.r.	n.r.	n.r.	154
- other	'000	n.r.	n.r.	n.r.	n.r.	66
- overall	'000	n.r.	n.r.	n.r.	n.r.	220
Total physical output sold to:						
- residential	GWh	n.r.	n.r.	n.r.	n.r.	995
- other	GWh	n.r.	n.r.	n.r.	n.r.	2 165
- overall	GWh	n.r.	n.r.	n.r.	n.r.	3 159
Distribution transformer capacity	MVA	n.r.	n.r.	n.r.	n.r.	1 847
Distribution circuit kilometres	km	n.r.	n.r.	n.r.	n.r.	55 900
Customer density:						
- customers per distribution circuit kilometre	Cus/km	n.r.	n.r.	n.r.	n.r.	3.93
- sales (MWh) per circuit kilometre	MWh/km	n.r.	n.r.	n.r.	n.r.	56.52
<i>Cost & Revenue Measures</i>						
Average price of product:						
- residential	\$/MWh	n.r.	n.r.	n.r.	n.r.	89.0
- other	\$/MWh	n.r.	n.r.	n.r.	n.r.	87.9
- overall	\$/MWh	n.r.	n.r.	n.r.	n.r.	88.2
Operating and maintenance costs						
- excluding fixed costs:						
- - per circuit km	\$/km	n.r.	n.r.	n.r.	n.r.	1082.0
- - per MWh sold	\$/MWh	n.r.	n.r.	n.r.	n.r.	19.0
- including fixed costs:						
- - per circuit km	\$/km	n.r.	n.r.	n.r.	n.r.	1464.0
- - per MWh sold	\$/MWh	n.r.	n.r.	n.r.	n.r.	26.0

GREAT SOUTHERN ENERGY (continued)

NOTES TO INDICATORS FOR GREAT SOUTHERN ENERGY

Key: n.p. - not provided; n.r. - not relevant.

- 1) Reported financial ratios incorporate abnormal expenses of \$39.9 million arising from the amalgamation and corporatisation process. When these abnormal expenses are excluded from total expenses, 1995–96 financial ratios for Great Southern Energy are:

Return on assets	4.8 %
Return on operating assets	3.3 %
Operating sales margin	5.3 %
Return on equity	5.5 %
Dividend to equity ratio	1.0 %
Dividend payout ratio	17.5 %
Debt to equity	17.2 %
Total liabilities to equity	41.3 %
Current ratio	185.0 %
Interest cover	1 392.6 %
Cost recovery ratio	123.8 %
Operational performance	11.7 %

- 2) Great Southern Energy has operated under a Taxation Equivalent Regime (TER) since March 1996. This requires it to make tax equivalents payments at a rate of 36 per cent as well as dividend payments of 34 per cent to the NSW Treasury. From July 1996, Great Southern Energy will operate under a full TER which will require it to pay State and Federal tax equivalents to the NSW Treasury.

GREAT SOUTHERN ENERGY (continued)

INTEGRAL ENERGY

New South Wales

Comments on own performance

Integral Energy is one of six new energy services companies established by the NSW government to deliver a more competitive and efficient electricity industry. It was established as a result of the merger of Prospect Electricity and Illawarra Electricity on 1 October 1995. The merger cost was fully funded internally.

Integral Energy is one of the largest energy corporations in Australia. It's core businesses are energy distribution services, energy trading and value added energy products, including energy audits, appliance sales and renewable energy services.

Integral Energy's customer base now includes 1.7 million people in 691 000 households and businesses. Although the merged company's franchise area largely covers the Greater Western Sydney and Illawarra regions — an area of approximately 24 500 square kilometres, Integral Energy's plan includes pushing into new energy markets outside traditional boundaries. Integral Energy has total assets of \$2.1 billion, and expects to generate a revenue of \$1.0 billion in its first full year of operations.

Integral Energy was the first NSW distributor licensed to trade in Victoria and the first to win interstate retail customers in Australia. The establishment of a Victorian subsidiary business, Integral Energy Victoria Limited, positioned Integral Energy as a significant competitor in the Victorian market, and 19 customers with accounts worth \$5 million were secured.

Quality management forms the cornerstone of Integral's management philosophy, promoting a culture of continuous improvement that enables us to achieve our corporate objectives. Our achievements through the use of Quality were widely recognised in November 1995, when Integral Energy was the only business to win the prestigious Australian Quality Award in the large organisation category.

Integral Energy is committed to energy efficiency and environmental responsibility. Agreements are already in place to purchase power from a number of high technology plants using alternative energy sources which will reduce greenhouse emissions significantly.

While the merger of Prospect and Illawarra had presented a large set of challenges, one of the early successes of the new organisation was the way the merger was handled. Pre merger, more than 3100 people worked for the former Prospect Electricity and Illawarra Electricity. Through voluntary redundancy and attrition, this had been reduced to less than 2300 people by 30 June 1996. The voluntary redundancy payments (which represent all payments over and above what was included as employee entitlements already provided in the books) amounted to more than \$16.7 million in 1995–96. However, the reduced work force will be a significant contributing factor in reducing operating expenditure in the future.

INTEGRAL ENERGY (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Financial Ratios (2)						
Return on assets (1)	%	n.r.	n.r.	n.r.	n.r.	4.0
Return on operating assets (1)	%	n.r.	n.r.	n.r.	n.r.	4.4
Operating sales margin (1)	%	n.r.	n.r.	n.r.	n.r.	7.1
Return on equity (1)	%	n.r.	n.r.	n.r.	n.r.	1.4
Dividend to equity ratio	%	n.r.	n.r.	n.r.	n.r.	3.5
Dividend payout ratio (1)	%	n.r.	n.r.	n.r.	n.r.	243.2
Debt to equity	%	n.r.	n.r.	n.r.	n.r.	120.4
Total liabilities to equity	%	n.r.	n.r.	n.r.	n.r.	162.7
Current ratio	%	n.r.	n.r.	n.r.	n.r.	110.6
Interest cover (1)	%	n.r.	n.r.	n.r.	n.r.	236.2
Cost recovery ratio (1)	%	n.r.	n.r.	n.r.	n.r.	111.7
Operational performance (1)	%	n.r.	n.r.	n.r.	n.r.	6.4

Non-financial Ratios (2)**GENERAL****Economic Factors**

Total factor productivity	Index	n.r.	n.r.	n.r.	n.r.	n.p.
Economic rate of return	%	n.r.	n.r.	n.r.	n.r.	n.p.

Efficiency

Total days lost:						
- industrial disputes	%	n.r.	n.r.	n.r.	n.r.	0.00
- sick leave	%	n.r.	n.r.	n.r.	n.r.	2.76
- industrial accidents	%	n.r.	n.r.	n.r.	n.r.	0.12
- all	%	n.r.	n.r.	n.r.	n.r.	2.88

Effectiveness

Percentage price change:						
- residential	%	n.r.	n.r.	n.r.	n.r.	-0.2
- other	%	n.r.	n.r.	n.r.	n.r.	-3.9
- overall	%	n.r.	n.r.	n.r.	n.r.	-2.6
Real price index:						
- residential	Index	n.r.	n.r.	n.r.	100.0	95.0
- other	Index	n.r.	n.r.	n.r.	100.0	91.5
- overall	Index	n.r.	n.r.	n.r.	100.0	92.7

INTEGRAL ENERGY (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
GENERAL (continued)						
<i>Size</i>						
Total assets	\$M	n.r.	n.r.	n.r.	n.r.	2 068
Total revenue	\$M	n.r.	n.r.	n.r.	n.r.	1 108
System maximum demand	MW	n.r.	n.r.	n.r.	n.r.	2 421
Average total employment	No	n.r.	n.r.	n.r.	n.r.	2 677
Service area	Sq km	n.r.	n.r.	n.r.	n.r.	24 500
<i>Safety</i>						
Lost time injury frequency rate	No/Mil.Hrs	n.r.	n.r.	n.r.	n.r.	14.6
DISTRIBUTION						
<i>Efficiency</i>						
Distribution labour productivity	Cus/Emp	n.r.	n.r.	n.r.	n.r.	267
Distribution equipment utilisation factor	Ratio	n.r.	n.r.	n.r.	n.r.	0.28
Sub-transmission equipment utilisation factor	Ratio	n.r.	n.r.	n.r.	n.r.	n.p.
Distribution losses	%	n.r.	n.r.	n.r.	n.r.	5.0
<i>Service Quality</i>						
Outage response time factor	Min	n.r.	n.r.	n.r.	n.r.	148.0
- planned	Min	n.r.	n.r.	n.r.	n.r.	368.8
- unplanned	Min	n.r.	n.r.	n.r.	n.r.	129.6
System average outage frequency factor	No/Cus	n.r.	n.r.	n.r.	n.r.	0.65
- planned	No/Cus	n.r.	n.r.	n.r.	n.r.	0.05
- unplanned	No/Cus	n.r.	n.r.	n.r.	n.r.	0.60
Loss of supply factor	Min/Cus	n.r.	n.r.	n.r.	n.r.	96.0
- planned	Min/Cus	n.r.	n.r.	n.r.	n.r.	18.4
- unplanned	Min/Cus	n.r.	n.r.	n.r.	n.r.	77.6

INTEGRAL ENERGY (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>DISTRIBUTION (continued)</i>						
<i>Size</i>						
Total number of customers:						
- residential	'000	n.r.	n.r.	n.r.	n.r.	628
- other	'000	n.r.	n.r.	n.r.	n.r.	63
- overall	'000	n.r.	n.r.	n.r.	n.r.	691
Total physical output sold to:						
- residential	GWh	n.r.	n.r.	n.r.	n.r.	4 664
- other	GWh	n.r.	n.r.	n.r.	n.r.	7 428
- overall	GWh	n.r.	n.r.	n.r.	n.r.	12 092
Distribution transformer capacity	MVA	n.r.	n.r.	n.r.	n.r.	4 886
Distribution circuit kilometres	km	n.r.	n.r.	n.r.	n.r.	29 447
Customer density:						
- customers per distribution circuit kilometre	Cus/km	n.r.	n.r.	n.r.	n.r.	24.29
- sales (MWh) per circuit kilometre	MWh/km	n.r.	n.r.	n.r.	n.r.	410.64
<i>Cost & Revenue Measures</i>						
Average price of product:						
- residential	\$/MWh	n.r.	n.r.	n.r.	n.r.	93.5
- other	\$/MWh	n.r.	n.r.	n.r.	n.r.	87.0
- overall	\$/MWh	n.r.	n.r.	n.r.	n.r.	89.1
Operating and maintenance costs						
- excluding fixed costs:						
- - per circuit km	\$/km	n.r.	n.r.	n.r.	n.r.	5777.1
- - per MWh sold	\$/MWh	n.r.	n.r.	n.r.	n.r.	14.07
- including fixed costs:						
- - per circuit km	\$/km	n.r.	n.r.	n.r.	n.r.	10239.6
- - per MWh sold	\$/MWh	n.r.	n.r.	n.r.	n.r.	24.94

INTEGRAL ENERGY (continued)

NOTES TO INDICATORS FOR INTEGRAL ENERGY

Key: n.p. - not provided; n.r. - not relevant.

- 1) Reported financial ratios incorporate a restructuring provision of \$37.2 million. When this abnormal expense is excluded from total expenses, 1995–96 financial ratios for Integral Energy are:

Return on assets	5.8 %
Return on operating assets	6.4 %
Operating sales margin	10.4 %
Return on equity	6.2 %
Dividend to equity ratio	3.5 %
Dividend payout ratio	56.7 %
Debt to equity	120.4 %
Total liabilities to equity	162.7 %
Current ratio	110.6 %
Interest cover	341.7 %
Cost recovery ratio	116.0 %
Operational performance	8.5 %

- 2) Prospect Electricity and the northern part of Illawarra Electricity were merged to form MetSouth Energy on 1 October 1995. Accordingly, the reporting period from 1 July 1995 to 29 February 1996 covers the results of MetSouth Energy from 1 October 1995 to 29 February 1996, as well as its predecessor distributors from 1 July 1995 to 30 September 1995. On 1 March 1996, MetSouth Energy was corporatised as a statutory state owned corporation called Integral Energy Australia. The statements of this corporation for the period 1 March 1996 to 30 June 1996 have been included here to the extent required by NSW Treasury.

INTEGRAL ENERGY (continued)

NORTHPOWER

New South Wales

Comments on own performance

NorthPower is a Statutory State Owned Corporation constituted on 1 March 1996 under the *State Owned Corporations Act 1989*, as amended. NorthPower is located in the north of New South Wales, and is by far the largest distributor in the State in geographic terms (approximately 1/3 of NSW and larger than the State of Victoria). Although we have only 8 per cent of the NSW market to date, it is our intention to grow to be a significant player in the State and National competitive markets. The NorthPower franchise has contrasting geographic and demographic areas. The coastal fringe, 15 per cent of the total area, carries 70 per cent of the customer base and is typified by high growth.

NorthPower has implemented strong and auditable ring-fencing of our network and retail businesses in accordance with the Government's Competition Policy and regulatory requirements. Our team developed a Vision Statement which states plainly and directly what NorthPower aims to achieve —

“NorthPower First Daylight Second”

NorthPower's performance has improved significantly in all key commercial and operations areas this year, excluding restructuring costs. *Earnings before interest payments and taxes* were \$37 million, up from the \$31.9 million in 1994–95. *Return on equity* was 11.15 per cent, three times the original projection. While this is an impressive improvement, particularly given the distractions and upheaval of the merger process, it is below commercial benchmarks and well below our potential.

Our electricity system reliability also improved dramatically, reflecting more effective and targeted operating and capital expenditure. The average customer minutes without supply was 266 minutes, down from 331 minutes in 1994–95 which represents a 20 per cent improvement. Our average energy response time was 121 minutes to restoration of supply, a 5 per cent improvement on last year. We are confident of further improvements in 1996–96.

Our safety performance was disappointing, even though we achieved a steady 4 per cent improvement this year. We are re-defining our safety culture and aiming for quantum improvements in 1996–97. We have developed an Environmental Policy and Strategy, and commenced implementation of an Environmental Management System. We intend to be world leaders in environmental management.

Our first year of operation showed a pleasing 16 per cent improvement in profitability before interest and taxation. Our credit rating was upgraded to AA-, reflecting our underlying financial strength, projected sales growth and significant cost reductions. Financial performance is strengthening, but is still below commercial expectations and well below our potential.

NORTHPOWER (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Financial Ratios (2,3,4)						
Return on assets (1)	%	n.r.	n.r.	n.r.	n.r.	- 14.0
Return on operating assets (1)	%	n.r.	n.r.	n.r.	n.r.	- 15.7
Operating sales margin (1)	%	n.r.	n.r.	n.r.	n.r.	- 23.4
Return on equity (1)	%	n.r.	n.r.	n.r.	n.r.	- 29.1
Dividend to equity ratio	%	n.r.	n.r.	n.r.	n.r.	1.8
Dividend payout ratio (1)	%	n.r.	n.r.	n.r.	n.r.	- 6.1
Debt to equity	%	n.r.	n.r.	n.r.	n.r.	42.0
Total liabilities to equity	%	n.r.	n.r.	n.r.	n.r.	77.3
Current ratio	%	n.r.	n.r.	n.r.	n.r.	106.9
Interest cover (1)	%	n.r.	n.r.	n.r.	n.r.	- 958.1
Cost recovery ratio (1)	%	n.r.	n.r.	n.r.	n.r.	109.5
Operational performance (1)	%	n.r.	n.r.	n.r.	n.r.	5.8

Non-financial Ratios**GENERAL****Economic Factors**

Total factor productivity	Index	n.r.	n.r.	n.r.	n.r.	n.p.
Economic rate of return	%	n.r.	n.r.	n.r.	n.r.	n.p.

Efficiency

Total days lost:						
- industrial disputes	%	n.r.	n.r.	n.r.	n.r.	0.00
- sick leave	%	n.r.	n.r.	n.r.	n.r.	2.20
- industrial accidents	%	n.r.	n.r.	n.r.	n.r.	0.42
- all	%	n.r.	n.r.	n.r.	n.r.	2.64

Effectiveness

Percentage price change:						
- residential	%	n.r.	n.r.	n.r.	n.r.	0.0
- other	%	n.r.	n.r.	n.r.	n.r.	-6.6
- overall	%	n.r.	n.r.	n.r.	n.r.	-2.4
Real price index:						
- residential	Index	n.r.	n.r.	n.r.	100.0	95.2
- other	Index	n.r.	n.r.	n.r.	100.0	88.9
- overall	Index	n.r.	n.r.	n.r.	100.0	92.9

NORTHPOWER (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
GENERAL (continued)						
<i>Size</i>						
Total assets (2)	\$M	n.r.	n.r.	n.r.	n.r.	638
Total revenue	\$M	n.r.	n.r.	n.r.	n.r.	397
System maximum demand	MW	n.r.	n.r.	n.r.	n.r.	693
Average total employment	No	n.r.	n.r.	n.r.	n.r.	1 710
Service area	Sq km	n.r.	n.r.	n.r.	n.r.	230 000
<i>Safety</i>						
Lost time injury frequency rate	No/Mil.Hrs	n.r.	n.r.	n.r.	n.r.	33.4
DISTRIBUTION						
<i>Efficiency</i>						
Distribution labour productivity	Cus/Emp	n.r.	n.r.	n.r.	n.r.	225
Distribution equipment utilisation factor	Ratio	n.r.	n.r.	n.r.	n.r.	0.16
Sub-transmission equipment utilisation factor	Ratio	n.r.	n.r.	n.r.	n.r.	0.16
Distribution losses	%	n.r.	n.r.	n.r.	n.r.	8.0
<i>Service Quality</i>						
Outage response time factor	Min	n.r.	n.r.	n.r.	n.r.	121.0
- planned	Min	n.r.	n.r.	n.r.	n.r.	209.9
- unplanned	Min	n.r.	n.r.	n.r.	n.r.	95.8
System average outage frequency factor	No/Cus	n.r.	n.r.	n.r.	n.r.	2.28
- planned	No/Cus	n.r.	n.r.	n.r.	n.r.	0.45
- unplanned	No/Cus	n.r.	n.r.	n.r.	n.r.	1.83
Loss of supply factor	Min/Cus	n.r.	n.r.	n.r.	n.r.	266.0
- planned	Min/Cus	n.r.	n.r.	n.r.	n.r.	95.1
- unplanned	Min/Cus	n.r.	n.r.	n.r.	n.r.	171.0

NORTHPOWER (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>DISTRIBUTION (continued)</i>						
<i>Size</i>						
Total number of customers:						
- residential	'000	n.r.	n.r.	n.r.	n.r.	238
- other	'000	n.r.	n.r.	n.r.	n.r.	93
- overall	'000	n.r.	n.r.	n.r.	n.r.	331
Total physical output sold to:						
- residential	GWh	n.r.	n.r.	n.r.	n.r.	1 385
- other	GWh	n.r.	n.r.	n.r.	n.r.	1 900
- overall	GWh	n.r.	n.r.	n.r.	n.r.	3 285
Distribution transformer capacity	MVA	n.r.	n.r.	n.r.	n.r.	4 370
Distribution circuit kilometres	km	n.r.	n.r.	n.r.	n.r.	66 000
Customer density:						
- customers per distribution circuit kilometre	Cus/km	n.r.	n.r.	n.r.	n.r.	5.02
- sales (MWh) per circuit kilometre	MWh/km	n.r.	n.r.	n.r.	n.r.	49.77
<i>Cost & Revenue Measures</i>						
Average price of product:						
- residential	\$/MWh	n.r.	n.r.	n.r.	n.r.	100.9
- other	\$/MWh	n.r.	n.r.	n.r.	n.r.	112.9
- overall	\$/MWh	n.r.	n.r.	n.r.	n.r.	108.1
Operating and maintenance costs						
- excluding fixed costs:						
- - per circuit km	\$/km	n.r.	n.r.	n.r.	n.r.	1110.0
- - per MWh sold	\$/MWh	n.r.	n.r.	n.r.	n.r.	22.3
- including fixed costs:						
- - per circuit km	\$/km	n.r.	n.r.	n.r.	n.r.	1790.0
- - per MWh sold	\$/MWh	n.r.	n.r.	n.r.	n.r.	36.0

NORTHPOWER (continued)

NOTES TO INDICATORS FOR NORTHPOWER

Key: n.p. - not provided; n.r. - not relevant.

- 1) Reported financial ratios incorporate abnormal expenses of \$126.2 million. This included Redundancy and Early Retirement Incentive Schemes (\$11.3 million), Restructuring Provision (\$4.5 million), Write-down on Assets (\$105.5 million) and Loan Revaluation (\$4.9 million). When these abnormal expenses are excluded from total expenses, 1995–96 financial ratios for NorthPower are:

Return on assets	5.8 %
Return on operating assets	5.8 %
Operating sales margin	8.6 %
Return on equity	6.0 %
Dividend to equity ratio	1.8 %
Dividend payout ratio	29.3 %
Debt to equity	42.0 %
Total liabilities to equity	77.3 %
Current ratio	106.9 %
Interest cover	397.4 %
Cost recovery ratio	168.5 %
Operational performance	27.3 %

- 2) From 1 March to 30 June 1996 NorthPower entered into a quasi Tax Equivalent Regime, with taxation based at 36 per cent of *Operating Profit Before Tax* (excluding abnormals). Dividend payments are the balance of 70 per cent of *Operating Profit Before Tax* (excluding abnormals) after the income tax liability is calculated. A further dividend of 30 per cent on Revenue from Pensioner Rebates received as Customer Service Obligations is payable.
- 3) NorthPower revalued its System assets as at February 1996 using the Optimised Depreciated Replacement Cost method of valuation. This resulted in a write-down in the value of these assets of \$305.6 million.
- 4) During 1995–96, NorthPower provided community Service Obligations (CSOs) through Public Lighting and Pensioner Rebates. These cost \$0.16 million and \$1.81 million respectively when valued at avoidable cost and were funded internally.

NORTHPOWER (continued)

POWERNET**Victoria****Comments on own performance**

PowerNet was established under the *Electricity Industry Act 1993* and commenced operations on 3 October 1994. The principal functions as set out in the Act, subject to and in accordance with its license, are to provide for the transmission of electricity in Victoria, and to design, operate, augment and maintain the electricity system for Victoria.

The Act also establishes that PowerNet:

- provides services, including management services, in connection with the transmission and supply of electricity;
- engages in any business, undertaking or activity incidental to the performance of its functions; and
- undertakes the transmission of electricity outside Victoria.

It should be recognised that as a result of the reforms in the Victorian Electricity Supply Industry, the level of comparability of a number of the indicators with previous financial years and other utilities may have been significantly reduced.

Financial performance

Results for the 1995–96 financial year indicate that PowerNet has been successful in reducing finance charges, improving operational performance and managing debt, working capital and assets. During the year the Transmission Business Performance exceeded all targets, excepting the transmission network area where non-controllable influences prevented two targets from being met.

A Standard & Poor's private credit rating of AA+ was awarded to PowerNet in May 1996. This rating was achieved for the transmission business on a stand-alone basis, independent of ownership, and is therefore an indication of the strength, stability and prosperity of the ongoing business.

In the technical areas of the business, PowerNet continued its previous history of excellence with circuit availability of 99.6 per cent and better than targeted performance on all but two system code performance standards. Safety performance during the year was exceptionally good with a *Lost Time Frequency Rate* of 1.2.

POWERNET (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Financial Ratios						
Return on assets	%	n.r.	n.r.	n.r.	9.0	11.5
Return on operating assets	%	n.r.	n.r.	n.r.	7.9	12.5
Operating sales margin	%	n.r.	n.r.	n.r.	42.6	62.3
Return on equity	%	n.r.	n.r.	n.r.	14.5	15.4
Dividend to equity ratio	%	n.r.	n.r.	n.r.	7.1	11.6
Dividend payout ratio	%	n.r.	n.r.	n.r.	49.1	75.2
Debt to equity	%	n.r.	n.r.	n.r.	375.8	339.3
Total liabilities to equity	%	n.r.	n.r.	n.r.	386.4	360.0
Current ratio	%	n.r.	n.r.	n.r.	6.3	11.7
Interest cover	%	n.r.	n.r.	n.r.	154.9	190.2
Cost recovery ratio	%	n.r.	n.r.	n.r.	210.7	254.1
Operational performance	%	n.r.	n.r.	n.r.	9.8	11.7
Non-financial Ratios						
GENERAL						
Economic Factors						
Total factor productivity	Index	n.r.	n.r.	n.r.	n.p.	n.p.
Economic rate of return	%	n.r.	n.r.	n.r.	n.p.	n.p.
Efficiency						
Total days lost:						
- industrial disputes	%	n.r.	n.r.	n.r.	0.00	0.00
- sick leave	%	n.r.	n.r.	n.r.	4.67	4.66
- industrial accidents	%	n.r.	n.r.	n.r.	.02	0.01
- all	%	n.r.	n.r.	n.r.	4.69	4.67
Size						
Total assets	\$M	n.r.	n.r.	n.r.	2 339	2 378
Total revenue	\$M	n.r.	n.r.	n.r.	357	374
System maximum demand (1)	MW	n.r.	n.r.	n.r.	6 533	n.p.
Average total employment	No	n.r.	n.r.	n.r.	465	415
Service area	Sq km	n.r.	n.r.	n.r.	228 000	228 000
Safety						
Lost time injury frequency rate	No/Mil.Hrs	n.r.	n.r.	n.r.	3.98	1.20

POWERNET (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
TRANSMISSION						
Efficiency						
Transmission system reliability	1/Mill	n.r.	n.r.	n.r.	0.1	0.1
Transmission labour productivity	GWh/Emp	n.r.	n.r.	n.r.	77.0	96.0
Transmission equipment utilisation factor	Ratio	n.r.	n.r.	n.r.	0.32	0.32
Transmission losses (1)	%	n.r.	n.r.	n.r.	2.5	n.p.
Size						
Transmission transformer capacity	MVA	n.r.	n.r.	n.r.	19 236	19 236
Transmission circuit kilometres	km	n.r.	n.r.	n.r.	6 740	6 740
Cost & Revenue Measures						
Operation and maintenance costs:						
- excluding fixed costs:						
- - per circuit km	\$/km	n.r.	n.r.	n.r.	8 650	7 151
- - per MWh sold	\$/MWh	n.r.	n.r.	n.r.	1.6	1.2
- including fixed costs:						
- - per circuit km	\$/km	n.r.	n.r.	n.r.	27 840	21 617
- - per MWh sold	\$/MWh	n.r.	n.r.	n.r.	5.1	3.8

NOTES TO INDICATORS FOR POWERNET

Key: n.p. - not provided: n.r. - not relevant.

- 1) Data is no longer available from PowerNet. Refer to Victorian Power Exchange.

POWERNET (continued)

Units *1991-92* *1992-93* *1993-94* *1994-95* *1995-96*

VICTORIAN POWER EXCHANGE

Victoria

Comments on own performance

The Victorian Power Exchange (VPX) is a State Government owned statutory business established under the Electricity Industry (Amendment) Act of 1994, it commenced operations on 3 October 1994.

VPX acquired a share of the assets and liabilities of National Electricity as identified in an Allocation Statement approved by the responsible Ministers as at 1 July 1994. The assets and liabilities were transferred at book value and formed the opening balanced in the accounts of VPX as at 1 July 1994.

The operating expenses and capital expenditure of VPX require Treasurer and Ministerial approval, and the Regulator General monitors VPX Pool Fees and Use of System charges. current operations

VPX's principle activities are:

- managing the wholesale electricity market;
- operating the electricity transmission network;
- controlling security of the main power system;
- planning the development of the electricity transmission network;
- educating market participants and the community about the wholesale electricity market; and
- assisting the development of the National Electricity Market and ensuring the smooth transition of the Victorian electricity industry into the new market.

Financial performance

VPX is a not for profit organisation which serves, and is funded by, the electricity industry in Victoria via Pool Fees and Use of System charges. In 1995–96 VPX's operating expenses totalled \$51.2 million.

Non-financial performance

The major component of VPX's expenditure is salaries. At the end of 1995–96 VPX employed 183 people. This will fall during 1995–96 to approximately 140 people and is due to the rationalisation of existing regional control centres which will result in three existing centres being reduced to one.

Other

VPX's commitment to the development of the National Electricity Market (NEM) was evidenced by its establishment — with TransGrid of NSW — of the National Electricity Market Systems Joint Venture which will deliver the IT systems to support the NEM.

VICTORIAN POWER EXCHANGE (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Financial Ratios (1,2,3)						
Return on assets	%	n.r.	n.r.	n.r.	15.4	- 4.0
Return on operating assets	%	n.r.	n.r.	n.r.	16.4	- 7.9
Operating sales margin	%	n.r.	n.r.	n.r.	16.2	- 6.2
Return on equity	%	n.r.	n.r.	n.r.	96.4	- 68.5
Dividend to equity ratio	%	n.r.	n.r.	n.r.	0.0	0.0
Dividend payout ratio	%	n.r.	n.r.	n.r.	0.0	0.0
Debt to equity	%	n.r.	n.r.	n.r.	60.4	0.0
Total liabilities to equity	%	n.r.	n.r.	n.r.	651.1	2 131.1
Current ratio	%	n.r.	n.r.	n.r.	87.7	78.2
Interest cover	%	n.r.	n.r.	n.r.	604.2	- 266.7
Cost recovery ratio	%	n.r.	n.r.	n.r.	119.4	94.1
Operational performance	%	n.r.	n.r.	n.r.	16.4	- 7.9
Non-financial Ratios						
<i>Economic Factors</i>						
Total factor productivity	Index	n.r.	n.r.	n.r.	n.p.	n.p.
Economic rate of return	%	n.r.	n.r.	n.r.	n.p.	n.p.
<i>Efficiency</i>						
Total days lost:						
- industrial disputes	%	n.r.	n.r.	n.r.	0.00	0.00
- sick leave	%	n.r.	n.r.	n.r.	4.85	3.80
- industrial accidents	%	n.r.	n.r.	n.r.	0.00	0.00
- all	%	n.r.	n.r.	n.r.	4.94	3.80
<i>Size</i>						
Total assets	\$M	n.r.	n.r.	n.r.	40	58
Total revenue (1,3)	\$M	n.r.	n.r.	n.r.	36	49
System maximum demand	MW	n.r.	n.r.	n.r.	6 378	6 042
Average total employment	No	n.r.	n.r.	n.r.	191	189
Service area	Sq km	n.r.	n.r.	n.r.	n.p.	n.p.
<i>Safety</i>						
Lost time injury frequency rate	No/Mil.Hrs	n.r.	n.r.	n.r.	0	0

VICTORIAN POWER EXCHANGE (continued)

NOTES TO INDICATORS FOR VICTORIAN POWER EXCHANGE

Key: n.p. - not provided; n.r. - not relevant.

- 1) Total revenue includes use of system fees collected of \$215.90m net of \$209.13m system fees paid to PowerNet Victoria.
- 2) Total expense includes \$20m ancillary paid to generators, representing the amount collected through pool participants.
- 3) VPX is a not-for-profit organisation. Any surplus or deficit is carried forward to the following year and pool fees are adjusted accordingly.

VICTORIAN POWER EXCHANGE (continued)

Units 1991-92 1992-93 1993-94 1994-95 1995-96

AUSTA ELECTRIC**Queensland****Comments on own performance**

The Queensland electricity industry was restructured and corporatised on 1 January 1995. The new Corporations are Queensland Generation Corporation, trading as AUSTA Electric, and the Queensland Transmission and Supply Corporation (QTSC). Queensland Electricity Transmission Corporation, trading as Powerlink Queensland, is a subsidiary of QTSC.

The new Corporations were established under the *Government Owned Corporations Act 1993*. The Corporations' shareholding Ministers are the Minister for Minerals and Energy and the Treasurer. The *Electricity Act 1994* provides the framework for the Queensland electricity industry and regulates participation in the industry.

In the corporatised environment, the State Government is responsible for the regulatory functions of the Queensland electricity industry. The Regulator is the Director-General of the Department of Minerals and Energy.

Current operations

AUSTA Electric generates electricity for sale to bulk customers. This includes building, owning and operating generating installations. AUSTA Electric has a total installed capacity of 5128 megawatts (MW) from four coal-fired, three hydro-electric and five small emergency gas turbine power stations. The coal-fired stations are Tarong, Swanbank, Callide and Stanwell. As at June 30 1996, 1371 people were employed by AUSTA Electric in a variety of technical, professional, trade and administrative positions.

Financial performance

The 1995–96 profit after tax of \$229.9m was 21 per cent above results for the previous year, despite an increase in income tax rate from 33 to 36 per cent on 1 July 1995. Approximately half the improvement, or \$20.3m, arose out of once-only structured financing in relation to three units of the Stanwell Power Station. The remainder was due to a combination of increased sales of electricity and lower interest costs. Net assets at year end were \$2951m, an increase of \$158m. For the year, the return on total assets was 10.1 per cent (1994–95: 9.9 per cent) and the return on shareholders' funds was 7.3 per cent (1994–95: 6.8 per cent), excluding abnormal items.

Non-financial performance

AUSTA Electric supplied 25 133 GWh including Wivenhoe output. Plant performance has been efficient with an average availability at base-load thermal stations of 94.5 per cent.

AUSTA ELECTRIC (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Financial Ratios (1,2,4)						
Return on assets	%	n.r.	n.r.	n.r.	5.0	10.8
Return on operating assets	%	n.r.	n.r.	n.r.	4.9	10.8
Operating sales margin	%	n.r.	n.r.	n.r.	36.8	37.0
Return on equity	%	n.r.	n.r.	n.r.	3.4	8.0
Dividend to equity ratio	%	n.r.	n.r.	n.r.	2.6	6.0
Dividend payout ratio	%	n.r.	n.r.	n.r.	75.0	75.0
Debt to equity	%	n.r.	n.r.	n.r.	45.1	37.8
Total liabilities to equity	%	n.r.	n.r.	n.r.	56.3	54.8
Current ratio	%	n.r.	n.r.	n.r.	77.0	122.7
Interest cover	%	n.r.	n.r.	n.r.	250.9	404.9
Cost recovery ratio	%	n.r.	n.r.	n.r.	158.2	156.1
Operational performance	%	n.r.	n.r.	n.r.	4.9	10.3
Non-financial Ratios						
GENERAL						
Economic Factors						
Total factor productivity	Index	n.r.	n.r.	n.r.	n.p.	n.p.
Economic rate of return	%	n.r.	n.r.	n.r.	n.p.	n.p.
Efficiency						
Total days lost:						
- industrial disputes	%	n.r.	n.r.	n.r.	0.25	0.00
- sick leave	%	n.r.	n.r.	n.r.	2.86	2.47
- industrial accidents	%	n.r.	n.r.	n.r.	0.15	0.14
- all	%	n.r.	n.r.	n.r.	3.25	2.61
Size						
Total assets	\$M	n.r.	n.r.	n.r.	4 366	4 568
Total revenue	\$M	n.r.	n.r.	n.r.	581	1 279
System maximum demand (3)	MW	n.r.	n.r.	n.r.	4 863	4 102
Average total employment	No	n.r.	n.r.	n.r.	1 403	1 313
Service area	Sq km	n.r.	n.r.	n.r.	n.r.	n.r.
Safety						
Lost time injury frequency rate	No/Mil.Hrs	n.r.	n.r.	n.r.	14.20	12.77

AUSTA ELECTRIC (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
GENERATION						
<i>Efficiency</i>						
Load factor	%	n.r.	n.r.	n.r.	75.4	75.7
Capacity factor	%	n.r.	n.r.	n.r.	72.4	60.6
Reserve Plant Margin	%	n.r.	n.r.	n.r.	19.2	16.5
Equivalent available factor	%	n.r.	n.r.	n.r.	93.5	91.7
Labour productivity (excluding construction and mine employees)	GWh/Emp	n.r.	n.r.	n.r.	18.8	20.6
Thermal efficiency	%	n.r.	n.r.	n.r.	38.1	38.5
<i>Service Quality</i>						
Equivalent forced outage factor	%	n.r.	n.r.	n.r.	1.7	2.6
Planned outage factor	%	n.r.	n.r.	n.r.	4.8	5.7
<i>Size</i>						
Total physical output generated	GWh	n.r.	n.r.	n.r.	12 970	27 213
Generating plant capacity	MW	n.r.	n.r.	n.r.	4 966	5 128
Changes in generating plant capacity:						
- plant added	MW	n.r.	n.r.	n.r.	350	350
- plant decommissioned	MW	n.r.	n.r.	n.r.	0	0
- plant in dry storage	MW	n.r.	n.r.	n.r.	n.p	188
<i>Cost & Revenue Measures</i>						
Operation and maintenance costs:						
- excluding fixed costs:						
- - excluding fuel cost	\$/MWh	n.r.	n.r.	n.r.	6.04	6.27
- - including fuel cost	\$/MWh	n.r.	n.r.	n.r.	17.51	18.15
- including fixed costs:						
- - excluding fuel cost	\$/MWh	n.r.	n.r.	n.r.	20.57	18.78
- - including fuel cost	\$/MWh	n.r.	n.r.	n.r.	32.04	30.64
<i>Environmental Indicators</i>						
CO ₂ emissions	kg/MWh	n.r.	n.r.	n.r.	890	860
Particulate emissions	kg/MWh	n.r.	n.r.	n.r.	0.6	0.6
NO _x emissions	kg/MWh	n.r.	n.r.	n.r.	3.4	3.4

AUSTA ELECTRIC (continued)

NOTES TO INDICATORS FOR AUSTA ELECTRIC

Key: n.p. - not provided; n.r. - not relevant.

- 1) AUSTA Electric is subject to the Queensland State Tax Equivalent Regime at a rate of 36 per cent.
- 2) AUSTA Electric conforms with the Australian Accounting Standards and the requirement of the *Government Owned Enterprises Act* in that it has a policy of physically revaluing its assets every five years and applying an annual revaluation indices to the written down value at the mid point of each of the intervening four years.
- 3) System demand as generated.
- 4) AUSTA Electric revalued its assets on 1 January 1996 as follows:

<i>Category of asset</i>	<i>Method of valuation</i>	<i>Date of revaluation</i>	<i>Impact of revaluation</i>
Power Stations	Depreciated, optimised replacement value.	1 January 1996	\$ 94m
Land	At Valuer-General valuations or market values.	1 January 1996	\$ 0.16m
Buildings	At market values.	1 January 1996	\$ 0.06m
Vehicles	At market values.	1 January 1996	\$ 0.12m
Other assets	Depreciated historical cost where it was not material or reasonable to undertake a detailed revaluation exercise, otherwise at depreciated replacement cost.	1 January 1996	\$ 6.7m

QUEENSLAND TRANSMISSION AND SUPPLY CORPORATION

Queensland

Comments on own performance

Background

The Queensland Transmission and Supply Corporation (QTSC) was formed as a result of the Queensland Government's decision to restructure the Queensland electricity supply industry and commenced operating on 1 January 1995.

Within this framework QTSC is the holding company for eight subsidiary corporations responsible for major transmission and electricity distribution in Queensland.

The subsidiary corporations of QTSC are:

- Queensland Electricity Transmission Corporation;
- Far North Queensland Electricity Corporation;
- North Queensland Electricity Corporation;
- Mackay Electricity Corporation;
- Capricornia Electricity Corporation
- Wide Bay-Burnett Electricity Corporation;
- South West Queensland Electricity Corporation; and
- South East Queensland Electricity Corporation.

General

Data supplied in this return relates to the QTSC group of corporations and refers to the results for the twelve months to 30 June 1996.

Performance

Despite the average sales price across the group falling by over 3 per cent the QTSC has achieved a strong financial result. This has been achieved through sustained growth in sales and lower operating costs relative to the size of the market. Investment in the capital works program of QTSC was fully funded out of operating profits.

QUEENSLAND TRANSMISSION AND SUPPLY CORPORATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Financial Ratios (1,2,3,4,5)						
Return on assets	%	n.r.	n.r.	n.r.	4.2	7.3
Return on operating assets	%	n.r.	n.r.	n.r.	4.2	7.2
Operating sales margin	%	n.r.	n.r.	n.r.	18.8	16.3
Return on equity	%	n.r.	n.r.	n.r.	2.3	5.0
Dividend to equity ratio	%	n.r.	n.r.	n.r.	2.2	4.6
Dividend payout ratio	%	n.r.	n.r.	n.r.	93.1	93.4
Debt to equity	%	n.r.	n.r.	n.r.	49.5	43.7
Total liabilities to equity	%	n.r.	n.r.	n.r.	63.2	61.1
Current ratio	%	n.r.	n.r.	n.r.	141.1	122.3
Interest cover	%	n.r.	n.r.	n.r.	201.1	276.8
Cost recovery ratio	%	n.r.	n.r.	n.r.	117.9	113.9
Operational performance	%	n.r.	n.r.	n.r.	3.2	5.2

Non-financial Ratios (1,3)

GENERAL

Economic Factors

Total factor productivity	Index	n.r.	n.r.	n.r.	n.p.	n.p.
Economic rate of return	%	n.r.	n.r.	n.r.	n.p.	n.p.

Efficiency

Total days lost:

- industrial disputes	%	n.r.	n.r.	n.r.	0.00	0.00
- sick leave	%	n.r.	n.r.	n.r.	3.02	2.70
- industrial accidents	%	n.r.	n.r.	n.r.	0.38	0.30
- all	%	n.r.	n.r.	n.r.	3.40	3.00

Effectiveness

Percentage price change:

- residential	%	n.r.	n.r.	n.r.	1.8	-1.6
- other	%	n.r.	n.r.	n.r.	-1.7	-4.4
- overall	%	n.r.	n.r.	n.r.	-0.6	-3.3

Real price index:

- residential	Index	n.r.	n.r.	n.r.	93.3	88.4
- other	Index	n.r.	n.r.	n.r.	87.6	80.7
- overall	Index	n.r.	n.r.	n.r.	89.5	83.3

QUEENSLAND TRANSMISSION AND SUPPLY CORPORATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
GENERAL (continued)						
<i>Size</i>						
Total assets (5)	\$M	n.r.	n.r.	n.r.	5 607	5 727
Total revenue	\$M	n.r.	n.r.	n.r.	1 196	2 406
System maximum demand	MW	n.r.	n.r.	n.r.	3 624	4 055
Average total employment	No	n.r.	n.r.	n.r.	6 185	6 197
Service area	Sq km	n.r.	n.r.	n.r.	924 000	924 000
<i>Safety</i>						
Lost time injury frequency rate	No/Mil.Hrs	n.r.	n.r.	n.r.	18.7	16.7
TRANSMISSION						
<i>Efficiency</i>						
Transmission system reliability	1/Mill	n.r.	n.r.	n.r.	5.3	13.7
Transmission labour productivity	GWh/Emp	n.r.	n.r.	n.r.	n.p.	n.p.
Transmission equipment utilisation factor	Ratio	n.r.	n.r.	n.r.	0.32	0.30
Transmission losses	%	n.r.	n.r.	n.r.	5.3	5.3
<i>Size</i>						
Transmission transformer capacity	MVA	n.r.	n.r.	n.r.	10 135	10 265
Transmission circuit kilometres	km	n.r.	n.r.	n.r.	9 044	9 216
Cost & Revenue Measures						
Operation and maintenance costs:						
- excluding fixed costs:						
- - per circuit km	\$/km	n.r.	n.r.	n.r.	4 999	4 724
- - per MWh sold	\$/MWh	n.r.	n.r.	n.r.	1.6	1.5
- including fixed costs:						
- - per circuit km	\$/km	n.r.	n.r.	n.r.	15 025	12 795
- - per MWh sold	\$/MWh	n.r.	n.r.	n.r.	4.8	4.1

QUEENSLAND TRANSMISSION AND SUPPLY CORPORATION (continued)

NOTES TO INDICATORS FOR QUEENSLAND TRANSMISSION AND SUPPLY CORPORATION

Key: n.p. - not provided; n.r. - not relevant.

- 1) 1994–95 operating results are for the six month period 1 January 1995 to 30 June 1995.
- 2) All financial data is based on audited results.
- 3) Operating results are for the QTSC group of corporations, except those relating to Transmission only which are based on data of the Queensland Electricity Transmission Corporation (Powerlink).
- 4) QTSC's financial indicators have been adversely affected by the exclusion of capital contributions from operating revenue. Capital contributions are made by customers to provide a return on those assets that would not otherwise be economical for the industry to construct. When capital contributions are included in operating revenue, results for 1995–96 are: *Return on Assets* 8.1 per cent; and *Return on Equity* 6.2 per cent.
- 5) QTSC's assets are valued using the following methods:

<i>Category of asset</i>	<i>Method of valuation</i>	<i>Date of revaluation</i>	<i>Impact of revaluation</i>
Supply system	Management valuation based on depreciated optimised replacement value.	Latest valuation - 30 June 1996	not available
Other assets	Combination of management valuation and cost less accumulated depreciation	Latest valuation - 30 June 1996	not available
Works-in-progress	at cost	n.a.	n.a.

- 6) QTSC's Community Service Obligations are valued at:

<i>Category of CSO</i>	<i>Method of valuation</i>	<i>Source of funding</i>	<i>Year</i>	<i>Cost</i>
Regulatory Inspections and tariff equalisation	avoidable cost	State Government	1995–96	\$85.5m
			1994–95	\$38.0m
Pensioner electricity rebates	avoidable cost	State Government	1995–96	\$28.6m
			1994–95	\$13.6m

SEQEB**Queensland****Comments on own performance***Background*

South East Queensland Electricity Corporation (SEQEB) became a subsidiary of the Queensland Transmission and Supply Corporation (QTSC) on 1 January 1995.

SEQEB is the largest of the seven electricity distribution corporations in Queensland supplying electricity to over 940 000 customers more than 50 per cent of the State's sales.

Financial performance and Non-financial performance

In the year to 30 June 1996, SEQEB achieved a net profit of \$74 million after providing \$24.2 million for income tax. This was achieved despite an overall decrease in electricity prices of around 3 per cent. A dividend of \$55.5 million was provided to be paid to QTSC representing a payout ratio of 75 per cent.

SEQEB (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Financial Ratios (1,2,3,4)						
Return on assets	%	n.p.	7.8	8.0	4.0	5.9
Return on operating assets	%	n.p.	7.7	8.0	3.9	5.8
Operating sales margin	%	n.p.	13.8	14.1	13.4	9.8
Return on equity	%	n.p.	7.2	6.9	2.0	3.6
Dividend to equity ratio	%	n.p.	0.0	1.6	2.1	4.0
Dividend payout ratio	%	n.p.	0.0	23.3	107.8	112.1
Debt to equity	%	n.p.	31.5	19.9	49.4	44.7
Total liabilities to equity	%	46.6	35.1	26.0	64.9	62.4
Current ratio	%	n.p.	252.9	110.1	142.7	111.5
Interest cover	%	n.p.	287.0	443.9	195.9	222.6
Cost recovery ratio	%	n.p.	114.5	114.7	113.2	109.0
Operational performance	%	n.p.	6.9	7.2	3.4	4.8
Non-financial Ratios (1)						
GENERAL						
Economic Factors						
Total factor productivity	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Economic rate of return	%	n.p.	n.p.	n.p.	n.p.	n.p.
Efficiency						
Total days lost:						
- industrial disputes	%	0.00	0.00	0.00	0.00	0.00
- sick leave	%	3.20	3.10	3.30	2.86	2.97
- industrial accidents	%	0.20	0.20	0.20	0.28	0.31
- all	%	3.40	3.20	3.40	3.14	3.28
Effectiveness						
Percentage price change:						
- residential	%	2.5	1.5	0.6	1.9	-1.6
- other	%	2.4	0.5	0.2	-1.5	-4.5
- overall	%	2.5	0.9	0.3	-0.2	-3.3
Real price index:						
- residential	Index	96.4	96.6	95.2	93.5	88.6
- other	Index	96.1	95.3	93.6	88.9	81.7
- overall	Index	96.2	95.8	94.2	90.7	84.5

SEQEB (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
GENERAL (continued)						
<i>Size</i>						
Total assets (4)	\$M	2 176	2 190	2 209	2 242	2 275
Total revenue	\$M	n.p.	1 145	1 197	628	1 278
System maximum demand	MW	2 024	2 090	2 181	2 330	2 484
Average total employment	No	3 017	2 857	2 814	2 760	2 748
Service area	Sq km	24 830	24 830	24 830	24 830	24 830
<i>Safety</i>						
Lost time injury frequency rate	No/Mil.Hrs	9.0	7.8	10.5	14.5	14.0
DISTRIBUTION						
<i>Efficiency</i>						
Distribution labour productivity	Cus/Emp	260	286	304	318	328
Distribution equipment utilisation factor	Ratio	0.22	0.22	0.23	0.20	0.20
Sub-transmission equipment utilisation factor	Ratio	n.p.	n.p.	n.p.	n.p.	n.p.
Distribution losses	%	5.7	4.9	5.6	5.5	4.5
<i>Service Quality</i>						
Outage response time factor	Mins	87	86	91	87	115
- planned	Mins	n.p.	n.p.	n.p.	n.p.	194
- unplanned	Mins	n.p.	n.p.	n.p.	n.p.	112
System average outage frequency factor	No/Cus	1.6	2.1	1.2	1.4	1.7
- planned	No/Cus	n.p.	n.p.	n.p.	n.p.	0.1
- unplanned	No/Cus	n.p.	n.p.	n.p.	n.p.	1.6
Loss of supply factor	Min/Cus	144	160	106	123	194
- planned	Min/Cus	n.p.	n.p.	n.p.	n.p.	13
- unplanned	Min/Cus	n.p.	n.p.	n.p.	n.p.	181

SEQEB (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>DISTRIBUTION (continued)</i>						
<i>Size</i>						
Total number of customers:						
- residential	'000	716	751	787	823	849
- other	'000	84	85	87	89	92
- overall	'000	801	836	875	912	941
Total physical output sold to:						
- residential	GWh	4 333	4 548	4 752	2 392	5 264
- other	GWh	6 262	6 559	6 928	3 826	7 838
- overall	GWh	10 595	11 107	11 654	6 218	13 102
Distribution transformer capacity	MVA	5 467	5 659	5 800	6 086	6 294
Distribution circuit kilometres	km	39 211	39 947	40 497	41 520	42 846
Customer density:						
- customers per distribution circuit kilometre	Cus/km	20.4	20.9	21.6	22.0	22.5
- sales (MWh) per circuit kilometre	MWh/km	270.2	278.0	287.8	299.6	313.8
<i>Cost & Revenue Measures</i>						
Average price of product:						
- residential	\$/MWh	94.8	96.2	96.7	98.6	97.0
- other	\$/MWh	97.4	97.9	98.1	96.6	92.2
- overall	\$/MWh	96.4	97.2	97.5	97.3	94.1
Operating and maintenance costs						
- excluding fixed costs:						
- - per circuit km	\$/km	3 157	3 235	3 101	3 906	3 718
- - per MWh sold	\$/MWh	11.7	11.6	10.8	13.0	12.2
- including fixed costs:						
- - per circuit km	\$/km	4 482	7 153	6 704	8 695	7 389
- - per MWh sold	\$/MWh	16.6	25.7	23.3	29.0	24.2

SEQEB (continued)

NOTES TO INDICATORS FOR SEQEB

Key: n.p. - not provided; n.r. - not relevant.

- 1) 1994–95 operating results are for the six month period 1 January 1995 to 30 June 1995.
- 2) All financial data is based on audited results.
- 3) SEQEB's financial indicators have been adversely affected by the exclusion of capital contributions from operating revenue. Capital contributions are made by customers to provide a return on those assets that would not otherwise be economical for the industry to construct. When capital contributions are included in operating revenue, results for 1995–96 are: *Return on Assets*: 7.0 per cent; and *Return on Equity*: 5.4 per cent.
- 4) SEQEB's assets are valued using the following methods:

<i>Category of asset</i>	<i>Method of valuation</i>	<i>Date of revaluation</i>	<i>Impact of revaluation</i>
Supply system	Management valuation based on depreciated optimised replacement value.	Latest valuation - 30 June 1996	not available
Other assets	Combination of management valuation and cost less accumulated depreciation	Latest valuation - 30 June 1996	not available
Works-in-progress	at cost	n.a.	n.a.

- 5) SEQEB's Community Service Obligations are valued at:

<i>Category of CSO</i>	<i>Method of valuation</i>	<i>Source of funding</i>	<i>Year</i>	<i>Cost</i>
Regulatory Inspections and tariff equalisation	avoidable cost	State Government	1995–96	\$1.34m
			1994–95	\$0.70m
Pensioner electricity rebates	avoidable cost	State Government	1995–96	\$19.48m
			1994–95	\$9.12m
			1993–94	\$16.44m
			1992–93	\$15.25m

SEQEB (continued)

Units *1991-92* *1992-93* *1993-94* *1994-95* *1995-96*

CAPELEC**Queensland****Comments on own performance***Background*

Capricornia Electricity Corporation (CAPELEC), became a subsidiary of the Queensland Transmission and Supply Corporation (QTSC) on 1 January 1995. CAPELEC supplies electricity to customers over most of central Queensland and services a variety of large industrial customers, including internationally competitive export oriented customers, involved in coal and metal mining, chemical and metal processing and primary industry processing.

Financial performance

Financial results for the year ended 30 June 1996 providing a profit after tax of \$15.883 million indicate a strong result despite a decrease in price of energy sold of over 4 per cent. This has been made possible by increased sales in difficult, drought affected conditions and through containment of controllable expenditure.

CAPELEC (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Financial Ratios (1,2,3,4)						
Return on assets	%	n.p.	8.9	8.6	4.1	6.1
Return on operating assets	%	n.p.	9.1	8.8	4.0	5.9
Operating sales margin	%	n.p.	17.4	16.3	14.0	10.1
Return on equity	%	n.p.	8.5	7.3	1.9	3.7
Dividend to equity ratio	%	n.p.	0.0	1.7	1.6	3.7
Dividend payout ratio	%	n.p.	0.0	23.5	84.1	100.1
Debt to equity	%	n.p.	35.8	25.6	48.0	42.3
Total liabilities to equity	%	n.p.	39.2	31.7	62.7	58.7
Current ratio	%	n.p.	267.8	161.9	192.2	174.4
Interest cover	%	n.p.	318.2	375.8	184.2	230.2
Cost recovery ratio	%	n.p.	120.5	118.9	105.3	101.6
Operational performance	%	n.p.	8.8	8.5	1.3	0.9
Non-financial Ratios (1)						
GENERAL						
Economic Factors						
Total factor productivity	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Economic rate of return	%	n.p.	n.p.	n.p.	n.p.	n.p.
Efficiency						
Total days lost:						
- industrial disputes	%	0.00	0.00	0.00	0.00	0.00
- sick leave	%	2.57	2.62	2.25	2.08	2.70
- industrial accidents	%	n.p.	n.p.	0.38	0.72	0.20
- all	%	2.57	2.62	2.63	2.80	2.90
Effectiveness						
Percentage price change: (5)						
- residential	%	2.4	1.1	0.5	2.9	-2.0
- other	%	0.5	0.5	-0.5	-1.6	-4.6
- overall	%	0.8	0.1	0.0	-1.4	-3.9
Real price index: (5)						
- residential	Index	95.9	95.6	94.3	93.1	87.9
- other	Index	93.2	92.4	90.2	85.8	78.9
- overall	Index	93.7	92.5	90.7	86.4	79.9

CAPELEC (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
GENERAL (continued)						
<i>Size</i>						
Total assets (4)	\$M	445	485	498	513	516
Total revenue	\$M	n.p.	243	253	136	282
System maximum demand	MW	394	429	428	455	441
Average total employment	No	654	636	615	588	561
Service area	Sq km	432 000	432 000	432 000	432 000	432 000
Total physical output generated	GWh	1.7	1.7	1.8	1.0	2.2
<i>Safety</i>						
Lost time injury frequency rate	No/Mil.Hrs	21.0	20.0	12.0	12.1	5.1
DISTRIBUTION						
<i>Efficiency</i>						
Distribution labour productivity	Cus/Emp	125	133	145	144	154
Distribution equipment utilisation factor	Ratio	0.20	0.19	0.20	0.17	0.16
Sub-transmission equipment utilisation factor	Ratio	n.p.	n.p.	n.p.	n.p.	n.p.
Distribution losses	%	4.1	4.1	4.9	2.2	3.0
<i>Service Quality</i>						
Outage response time factor	Mins	74.0	85.0	145.0	65.6	54.0
- planned	Mins	n.p.	n.p.	n.p.	n.p.	162.0
- unplanned	Mins	n.p.	n.p.	n.p.	n.p.	44.0
System average outage frequency factor	No/Cus	14.0	9.1	5.2	4.2	6.9
- planned	No/Cus	0.6	0.6	0.7	0.6	0.6
- unplanned	No/Cus	13.4	8.6	4.6	3.6	6.3
Loss of supply factor	Min/Cus	478	257	341	272	374
- planned	Min/Cus	130	102	116	146	98
- unplanned	Min/Cus	348	155	225	126	278

CAPELEC (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>DISTRIBUTION (continued)</i>						
<i>Size</i>						
Total number of customers:						
- residential	'000	65	68	72	70	71
- other	'000	11	12	16	19	20
- overall	'000	77	79	87	89	91
Total physical output sold to:						
- residential	GWh	430	442	453	217	454
- other	GWh	2 062	2 218	2 321	1 254	2 507
- overall	GWh	2 492	2 660	2 774	1 471	2 961
Distribution transformer capacity	MVA	1 436	1 579	1 625	1 628	1 665
Distribution circuit kilometres	km	30 704	31 100	31 392	32 766	33 025
Customer density:						
- customers per distribution circuit kilometre	Cus/km	2.5	2.5	2.7	2.7	2.7
- sales (MWh) per circuit kilometre	MWh/km	81.1	85.5	88.4	89.8	89.7
<i>Cost & Revenue Measures</i>						
Average price of product:						
- residential	\$/MWh	94.8	95.9	96.4	99.5	97.5
- other	\$/MWh	78.1	78.5	78.1	76.5	73.0
- overall	\$/MWh	81.0	81.1	81.1	79.9	76.7
Operating and maintenance costs						
- excluding fixed costs:						
- - per circuit km	\$/km	723	723	648	846	808
- - per MWh sold	\$/MWh	9.3	8.4	7.9	9.4	9.0
- including fixed costs:						
- - per circuit km	\$/km	n.p.	1 679	1 712	2 188	1 899
- - per MWh sold	\$/MWh	n.p.	19.6	19.4	24.4	21.2

CAPELEC (continued)

NOTES TO INDICATORS FOR CAPELEC

Key: n.p. - not provided; n.r. - not relevant.

- 1) 1994–95 operating results are for the six month period 1 January 1995 to 30 June 1995.
- 2) All financial data is based on audited results.
- 3) CAPELEC's financial indicators have been adversely affected by the exclusion of capital contributions from operating revenue. Capital contributions are made by customers to provide a return on those assets that would not otherwise be economical for the industry to construct. When capital contributions are included in operating revenue, results for 1995–96 are: Return on Assets 6.9 per cent; and Return on Equity 5.0 per cent.
- 4) CAPELEC's assets are valued using the following methods:

<i>Category of asset</i>	<i>Method of valuation</i>	<i>Date of revaluation</i>	<i>Impact of revaluation</i>
Supply system	Management valuation based on depreciated optimised replacement value.	Latest valuation - 30 June 1996	not available
Other assets	Combination of management valuation and cost less accumulated depreciation	Latest valuation - 30 June 1996	not available
Works-in-progress	at cost	n.a.	n.a.

- 5) Data collected for the 1 January 1995 to 30 June 1995 period excludes figures for the ESAA Class consumers 'Residential–Commercial' from Residential. This has the effect of raising the *Average Residential Price* and reducing the *Average Other Price* marginally.
- 6) Capricornia Electricity's Community Service Obligations are valued at:

<i>Category of CSO</i>	<i>Method of valuation</i>	<i>Source of funding</i>	<i>Year</i>	<i>Cost</i>
Regulatory Inspections and tariff equalisation	Avoidable cost	State Government	1995–96	\$23.64m
			1994–95	\$10.97m
Pensioner electricity rebates	Avoidable cost	State Government	1995–96	\$1.42m
			1994–95	\$0.71m
			1993–94	\$1.29m
			1992–93	\$1.20m

CAPELEC (continued)

Units *1991-92* *1992-93* *1993-94* *1994-95* *1995-96*

ETSA CORPORATION**South Australia****Comments on own performance**

ETSA Corporation is a wholly-owned South Australian Government public trading enterprise trading in the South Australian geographic market place; generating, transmitting, distributing and retailing electricity and associated services.

ETSA Corporation emerged from the corporatisation of the Electricity Trust of South Australia on 1 July 1995. This process also saw the creation of four subsidiaries with clear accountabilities and responsibilities; ETSA Generation Corporation, ETSA Transmission Corporation, ETSA Power Corporation and ETSA Energy Corporation.

In 1995–96, ETSA recorded its best financial performance ever. Profitability and returns to shareholder both increased over the previous year driven by improved productivity and cost control. In fact, total expenditure reduced by 5.4 per cent over the previous year and there was a 13 per cent reduction in employee numbers.

Customers also gained from ETSA's improved performance with prices again reduced in real terms and reliability improved. Prices have been progressively restructured such that cross-subsidies between customer classes have been progressively reduced.

During 1995–96 further changes were made to make ETSA ready for the introduction of the National Competitive Electricity Market. These changes included significant restructuring and changes to corporate governance, the separation of regulatory activities previously carried out and the introduction of a full taxation equivalent regime. The accounts for this year were effected by the revaluation of assets on an Optimised Deprival Value basis. This change has increased overall asset values, increased depreciation expense, and increased equity thus impacting on a wide range of financial indicators.

The overall effect of the changes to ETSA has been to both improve the commercial focus of the business and ensure that the organisation is able to comply with competition requirements and will eventually allow third party access on fair terms.

ETSA CORPORATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Financial Ratios						
Return on assets	%	7.8	10.5	6.1	12.0	8.4
Return on operating assets	%	7.8	10.5	6.0	11.8	8.4
Operating sales margin	%	23.0	30.2	16.9	31.8	27.8
Return on equity	%	7.6	12.8	5.7	15.4	6.1
Dividend to equity ratio	%	7.3	10.2	10.5	15.0	5.0
Dividend payout ratio	%	95.5	79.7	182.6	97.7	81.4
Debt to equity	%	60.3	56.1	60.7	54.3	35.6
Total liabilities to equity	%	75.1	67.5	72.9	66.1	40.8
Current ratio	%	66.3	83.2	77.2	95.9	69.1
Interest cover	%	220.6	340.7	223.5	411.1	333.5
Cost recovery ratio	%	138.2	144.3	145.7	150.8	138.8
Operational performance	%	9.4	10.6	11.1	12.5	8.4

Non-financial Ratios**GENERAL****Economic Factors**

Total factor productivity	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Economic rate of return	%	n.p.	n.p.	n.p.	n.p.	n.p.

Efficiency

Total days lost:						
- industrial disputes	%	0.20	0.00	0.13	0.06	n.p.
- sick leave	%	7.35	7.30	7.84	7.59	n.p.
- industrial accidents	%	0.55	0.35	1.75	2.06	n.p.
- all	%	8.34	7.66	9.72	9.70	n.p.

Effectiveness

Percentage price change						
- residential	%	5.5	2.8	1.9	0.1	1.4
- commercial	%	4.4	-1.2	-7.2	-11.8	-0.3
- industrial	%	5.2	-2.8	-5.3	-5.2	-4.4
- overall	%	5.2	0.1	-3.2	-5.4	-0.3
Real price index						
- residential	Index	101.1	101.8	101.8	98.8	96.6
- commercial	Index	96.5	93.4	85.0	73.7	74.4
- industrial	Index	96.6	92.0	85.5	78.6	67.0
- overall	Index	98.6	96.6	91.9	84.3	81.1

ETSA CORPORATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
GENERAL (continued)						
<i>Size</i>						
Total assets	\$M	2 589	2 591	2 479	2 420	3 634
Total revenue	\$M	862	897	899	915	913
System maximum demand	MW	1 934	2 090	2 078	2 132	2 078
Average total employment	No	4 770	4 288	3 746	3 220	2 949
Service area	Sq km	128 000	128 000	128 000	128 000	128 000
<i>Safety</i>						
Lost time injury frequency rate	No/Mil.Hrs	31.8	29.2	22.7	14.0	n.p.
GENERATION						
<i>Efficiency</i>						
Load factor	%	47.7	45.8	47.1	49.5	50.5
Capacity factor	%	39.7	40.6	44.5	41.7	34.3
Reserve Plant Margin	%	21.5	12.4	19.7	4.6	4.4
Equivalent available factor	%	80.3	79.3	83.2	87.6	89.2
Labour productivity (excluding construction and mine employees)	GWh/Emp	7.5	8.7	14.1	13.3	7.9
Thermal efficiency	%	n.p.	n.p.	35.0	35.0	35.0
<i>Service Quality</i>						
Equivalent forced outage factor	%	1.4	1.9	4.6	5.1	3.4
Planned outage factor	%	18.4	18.8	9.4	5.1	5.1
<i>Size</i>						
Total physical output generated	GWh	8 171	8 359	8 693	8 137	6 753
Generating plant capacity	MW	2 350	2 350	2 230	2 230	2 230
Changes in generating plant capacity:						
- plant added	MW	0	0	0	0	0
- plant decommissioned	MW	0	0	0	0	0
- plant in dry storage	MW	0	0	120	120	120

ETSA CORPORATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>GENERATION (continued)</i>						
<i>Cost & Revenue Measures</i>						
Operation and maintenance costs:						
- excluding fixed costs:						
- - excluding fuel cost	\$/MWh	10.00	7.90	7.10	7.20	7.58
- - including fuel cost	\$/MWh	35.60	33.20	32.40	31.79	25.75
- including fixed costs:						
- - excluding fuel cost	\$/MWh	23.30	21.30	17.00	17.72	27.47
- - including fuel cost	\$/MWh	51.10	48.60	42.30	42.31	39.51
<i>Environmental Indicators</i>						
CO ₂ emissions	kg/MWh	747	713	719	705	750
Particulate emissions	kg/MWh	0.50	0.40	0.35	0.39	0.44
NO _x emissions	kg/MWh	3.40	2.90	2.34	2.35	2.35
<i>TRANSMISSION</i>						
<i>Efficiency</i>						
Transmission system reliability	1/Mill	n.p.	n.p.	0.38	6.29	3.84
Transmission labour productivity	GWh/Emp	29.7	33.6	39.5	48.1	79.9
Transmission equipment utilisation factor	Ratio	0.18	0.18	0.19	0.19	0.19
Transmission losses	%	1.3	1.3	0.8	2.0	1.1
<i>Size</i>						
Transmission transformer capacity	MVA	5 726	5 751	5 869	5 869	6008.0
Transmission circuit kilometres	km	5 371	5 417	5 646	5 791	5 574
<i>Cost & Revenue Measures</i>						
Operation and maintenance costs:						
- excluding fixed costs:						
- - per circuit km	\$/km	4124.0	4056.0	2730.0	2353.9	3460.4
- - per MWh sold	\$/MWh	2.50	2.40	1.70	1.39	2.10
- including fixed costs:						
- - per circuit km	\$/km	11595.0	11354.0	8194.0	5699.3	11659.2
- - per MWh sold	\$/MWh	7.00	6.70	5.10	3.37	7.08

ETSA CORPORATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>DISTRIBUTION</i>						
<i>Efficiency</i>						
Distribution labour productivity	Cus/Emp	246	277	340	393	399
Distribution equipment utilisation factor	Ratio	n.p.	0.16	0.17	0.16	0.16
Sub-transmission equipment utilisation factor	Ratio	n.p.	n.p.	n.p.	0.25	0.26
Distribution losses	%	n.p.	n.p.	n.p.	6.4	6.5
<i>Service Quality</i>						
Outage response time factor	Mins	n.p.	70.0	94.0	89.6	112.7
- planned	Mins	n.p.	n.p.	n.p.	n.p.	n.p.
- unplanned	Mins	n.p.	n.p.	n.p.	n.p.	n.p.
System average outage frequency factor	No/Cus	1.40	1.90	1.30	1.28	1.03
- planned	No/Cus	n.p.	n.p.	n.p.	n.p.	n.p.
- unplanned	No/Cus	n.p.	n.p.	n.p.	n.p.	n.p.
Loss of supply factor	Min/Cus	106.0	171.0	120.0	114.7	115.6
- planned	Min/Cus	n.p.	n.p.	n.p.	n.p.	n.p.
- unplanned	Min/Cus	n.p.	n.p.	n.p.	n.p.	n.p.
<i>Size</i>						
Total number of customers						
- residential	'000	587	591	602	613	619
- other	'000	93	85	85	87	88
- overall	'000	681	675	687	700	707
Total physical output						
- residential	GWh	3 073	3 255	3 167	3 359	3 367
- other	GWh	5 001	5 132	5 423	5 886	5 817
- overall	GWh	8 074	8 387	8 590	9 245	9 184
Distribution transformer capacity	MVA	9 528	9 593	8 233	8 452	8 737
Distribution circuit kilometres	km	72 958	73 640	82 636	83 369	83 606
Customer Density						
- Customers per distribution. circuit kilometre	Cus/km	9.10	9.20	8.31	8.40	8.46
- Sales (MWh) per circuit kilometre	MWh/km	110.70	110.40	100.70	110.89	109.85

ETSA CORPORATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>DISTRIBUTION (continued)</i>						
<i>Cost & Revenue Measures</i>						
Average price of product						
- residential	\$/MWh	106.5	109.5	111.6	111.7	113.2
- other	\$/MWh	102.3	100.5	94.7	86.1	84.7
- overall	\$/MWh	103.9	104.0	100.9	95.4	95.1
Operation and maintenance costs:						
- excluding fixed costs:						
- - per circuit km	\$/km	2036.0	2196.0	2002.0	1798.1	1561.0
- - per MWh sold	\$/MWh	19.00	19.90	20.00	16.22	14.21
- including fixed costs:						
- - per circuit km	\$/km	2875.0	3032.0	3041.0	2600.2	3584.8
- - per MWh sold	\$/MWh	26.80	27.50	30.30	23.45	32.63

NOTES TO INDICATORS FOR ETSA CORPORATION

Key: n.p. - not provided; n.r. - not relevant.

WESTERN POWER**Western Australia****Comments on own performance**

Western Power Corporation was established on 1 January 1995 from the split of the former energy monopoly, SECWA, into separate electricity and gas businesses. Western Power is a vertically integrated utility, undertaking generation, transmission and distribution functions. The corporation is the principal supplier of electricity to a major power grid in the South West of the State (96 per cent of sales), and to a smaller grid in the North West (2 per cent). It also operates 29 isolated power systems throughout the State. The installed generation capacity of the South West Interconnected System is 2757 MW of which 1160 MW is coal fired plant, 880 MW is steam plant (640 MW capable of burning coal, gas or oil and 240 MW capable of burning gas or oil), 715 MW is gas turbines and 2 MW is hydro. Total installed generation capacity of the North West Interconnected System and isolated systems is approximately 200 MW of diesel plant and 2 MW of wind.

Western Power currently has approximately 725 000 customers, and is facing direct competition within an increasingly deregulated energy environment. Owned by the Western Australian Government, Western Power is a commercial organisation meeting all of its costs from its own revenue. Under the *Electricity Corporation Act 1994*, Western Power must endeavour to make a profit consistent with maximising its long term value.

Financial performance

1995–96 represents the first complete financial year of operation for Western Power Corporation. Figures previously reported for SECWA are difficult to compare with Western Power results due to the significant organisational restructuring.

A tax equivalent regime has been set up to ensure that the State Government receives from the Corporation, amounts equal to any Commonwealth income and sales tax for which it would have been liable but for its exemption as a State owned Corporation.

Non-financial performance

Western Power has made substantial efforts to position itself for competition through the development of a strategic planning process based on the identification of a corporate mission and corporate values. Progress toward corporate objectives is measured by indicators in Strategic Result Areas. Specific plans with clear achievable targets have been developed at a corporate, division and branch level and are being taken right through the work place through a comprehensive change management program.

WESTERN POWER (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Financial Ratios (1)						
Return on assets	%	n.r.	n.r.	n.r.	12.0	10.8
Return on operating assets	%	n.r.	n.r.	n.r.	12.0	10.9
Operating sales margin	%	n.r.	n.r.	n.r.	29.2	26.9
Return on equity	%	n.r.	n.r.	n.r.	16.7	13.7
Dividend to equity ratio	%	n.r.	n.r.	n.r.	0.0	4.0
Dividend payout ratio	%	n.r.	n.r.	n.r.	0.0	29.0
Debt to equity	%	n.r.	n.r.	n.r.	342.1	325.0
Total liabilities to equity	%	n.r.	n.r.	n.r.	427.6	412.1
Current ratio	%	n.r.	n.r.	n.r.	232.3	166.9
Interest cover	%	n.r.	n.r.	n.r.	165.5	163.8
Cost recovery ratio	%	n.r.	n.r.	n.r.	141.3	136.8
Operational performance	%	n.r.	n.r.	n.r.	12.0	10.9

Non-financial Ratios (2)**GENERAL****Economic Factors**

Total factor productivity	Index	n.r.	n.r.	n.r.	n.p.	n.p.
Economic rate of return	%	n.r.	n.r.	n.r.	n.p.	n.p.

Efficiency

Total days lost:						
- industrial disputes	%	n.r.	n.r.	n.r.	n.p.	0.30
- sick leave	%	n.r.	n.r.	n.r.	n.p.	4.10
- industrial accidents	%	n.r.	n.r.	n.r.	n.p.	0.40
- all	%	n.r.	n.r.	n.r.	n.p.	4.80

Effectiveness

Percentage price change:						
- residential	%	n.r.	n.r.	n.r.	n.r.	0.0
- other	%	n.r.	n.r.	n.r.	n.r.	-0.9
- overall	%	n.r.	n.r.	n.r.	n.r.	0.0
Real price index: (3)						
- residential	Index	n.r.	n.r.	n.r.	100.0	96.3
- other	Index	n.r.	n.r.	n.r.	100.0	95.4
- overall	Index	n.r.	n.r.	n.r.	100.0	96.3

WESTERN POWER (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
GENERAL (continued)						
<i>Size</i>						
Total assets	\$M	n.r.	n.r.	n.r.	3 168	3 388
Total revenue	\$M	n.r.	n.r.	n.r.	647	1 311
System maximum demand	MW	n.r.	n.r.	n.r.	2 181	2 228
Average total employment	No	n.r.	n.r.	n.r.	3 646	3 538
Service area (4)	Sq km	n.r.	n.r.	n.r.	260 000	260 000
<i>Safety</i>						
Lost time injury frequency rate	No/Mil.Hrs	n.r.	n.r.	n.r.	11.5	14.8
GENERATION						
<i>Efficiency</i>						
Load factor	%	n.r.	n.r.	n.r.	65.1	63.5
Capacity factor	%	n.r.	n.r.	n.r.	47.5	53.4
Reserve Plant Margin	%	n.r.	n.r.	n.r.	35.6	23.7
Equivalent available factor	%	n.r.	n.r.	n.r.	87.1	90.9
Labour productivity (excluding construction and mine employees)	GWh/Emp	n.r.	n.r.	n.r.	n.p.	12.0
Thermal efficiency	%	n.r.	n.r.	n.r.	32.3	30.6
<i>Service Quality</i>						
Equivalent forced outage factor	%	n.r.	n.r.	n.r.	n.p.	2.3
Planned outage factor	%	n.r.	n.r.	n.r.	n.p.	3.9
<i>Size</i>						
Total physical output generated	GWh	n.r.	n.r.	n.r.	6 072	12 402
Generating plant capacity	MW	n.r.	n.r.	n.r.	2 754	2 757
Changes in generating plant capacity:						
- plant added	MW	n.r.	n.r.	n.r.	0	3
- plant decommissioned	MW	n.r.	n.r.	n.r.	0	0
- plant in dry storage	MW	n.r.	n.r.	n.r.	n.p.	n.p.

WESTERN POWER (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
GENERATION (continued)						
Cost & Revenue Measures						
Operation and maintenance costs:						
- excluding fixed costs:						
- - excluding fuel cost	\$/MWh	n.r.	n.r.	n.r.	7.7	10.0
- - including fuel cost	\$/MWh	n.r.	n.r.	n.r.	43.6	45.0
- including fixed costs:						
- - excluding fuel cost	\$/MWh	n.r.	n.r.	n.r.	27.1	25.0
- - including fuel cost	\$/MWh	n.r.	n.r.	n.r.	63.0	60.0
Environmental Indicators						
CO ₂ emissions	kg/MWh	n.r.	n.r.	n.r.	902	943
Particulate emissions	kg/MWh	n.r.	n.r.	n.r.	6.1	4.9
NO _x emissions	kg/MWh	n.r.	n.r.	n.r.	3.2	3.7
TRANSMISSION						
Efficiency						
Transmission system reliability (5)	1/Mill	n.r.	n.r.	n.r.	461	532
Transmission labour productivity (6)	GWh/Emp	n.r.	n.r.	n.r.	31.6	64.6
Transmission equipment utilisation factor	Ratio	n.r.	n.r.	n.r.	0.1	0.3
Transmission losses	%	n.r.	n.r.	n.r.	0.0	3.0
Size						
Transmission transformer capacity	MVA	n.r.	n.r.	n.r.	9 580	9 717
Transmission circuit kilometres	km	n.r.	n.r.	n.r.	6 221	6 624
Cost & Revenue Measures						
Operation and maintenance costs:						
- excluding fixed costs:						
- - per circuit km	\$/km	n.r.	n.r.	n.r.	3 663	4 370
- - per MWh sold	\$/MWh	n.r.	n.r.	n.r.	4.2	2.4
- including fixed costs:						
- - per circuit km	\$/km	n.r.	n.r.	n.r.	9 015	15 870
- - per MWh sold	\$/MWh	n.r.	n.r.	n.r.	10.2	8.7

WESTERN POWER (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>DISTRIBUTION</i>						
<i>Efficiency</i>						
Distribution labour productivity (7)	Cus/Emp	n.r.	n.r.	n.r.	449	477
Distribution equipment utilisation factor	Ratio	n.r.	n.r.	n.r.	0.16	0.15
Sub-transmission equipment utilisation factor	Ratio	n.r.	n.r.	n.r.	0.20	0.23
Distribution losses	%	n.r.	n.r.	n.r.	9.0	9.0
<i>Service Quality</i>						
Outage response time factor	Min	n.r.	n.r.	n.r.	n.p.	97.0
- planned	Min	n.r.	n.r.	n.r.	n.p.	n.p.
- unplanned	Min	n.r.	n.r.	n.r.	n.p.	n.p.
System average outage frequency factor	No/Cus	n.r.	n.r.	n.r.	n.p.	1.6
- planned	No/Cus	n.r.	n.r.	n.r.	n.p.	n.p.
- unplanned	No/Cus	n.r.	n.r.	n.r.	n.p.	n.p.
Loss of supply factor	Min/Cus	n.r.	n.r.	n.r.	n.p.	152
- planned	Min/Cus	n.r.	n.r.	n.r.	n.p.	n.p.
- unplanned	Min/Cus	n.r.	n.r.	n.r.	n.p.	n.p.
<i>Size</i>						
Total number of customers: (8)						
- residential	'000	n.r.	n.r.	n.r.	616	632
- other	'000	n.r.	n.r.	n.r.	91	93
- overall	'000	n.r.	n.r.	n.r.	707	725
Total physical output sold to: (8)						
- residential	GWh	n.r.	n.r.	n.r.	1 490	2 947
- other	GWh	n.r.	n.r.	n.r.	3 981	8 127
- overall	GWh	n.r.	n.r.	n.r.	5 472	11 075
Distribution transformer capacity	MVA	n.r.	n.r.	n.r.	4 350	4 559
Distribution circuit kilometres	km	n.r.	n.r.	n.r.	77 115	78 355
Customer Density:						
- customers per distribution circuit kilometre	Cus/km	n.r.	n.r.	n.r.	9.2	9.3
- sales (MWh) per circuit kilometre	MWh/km	n.r.	n.r.	n.r.	138.0	141.3

DISTRIBUTION (continued)

WESTERN POWER (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>Cost & Revenue Measures</i>						
Average price of product:						
- residential	\$/MWh	n.r.	n.r.	n.r.	141.0	140.8
- other	\$/MWh	n.r.	n.r.	n.r.	108.0	108.0
- overall	\$/MWh	n.r.	n.r.	n.r.	117.0	116.7
Operation and maintenance costs:						
- excluding fixed costs:						
- - per circuit km	\$/km	n.r.	n.r.	n.r.	709	1 333
- - per MWh sold	\$/MWh	n.r.	n.r.	n.r.	10.50	9.85
- including fixed costs:						
- - per circuit km	\$/km	n.r.	n.r.	n.r.	1 329	2 550
- - per MWh sold	\$/MWh	n.r.	n.r.	n.r.	19.80	18.83

NOTES TO INDICATORS FOR WESTERN POWER

Key: n.p. - not provided; n.r. - not relevant.

- 1) Audited results have been used to calculate financial ratios. Assets are valued at historical cost. As Western Power's owner, the State Government is entitled to a return on its investment in the business. The *Electricity Corporation Act* provides for such returns to take the form of payments of dividends and equivalent rates and taxes. Government policy requires that Western Power undertakes Community Service Obligations.
- 2) Reporting of generation, transmission and distribution divisions relates to the South West Interconnected System (SWIS) unless otherwise stated.
- 3) Base year 1994-95 = 100.
- 4) South West Interconnected System (SWIS).
- 5) 162 minutes of interruption includes 134.6 minutes due to failure of the Merredin Terminal - West Kalgoorlie Terminal 220 kV tower, in December 1995. If this incident is excluded from the calculation, the reliability index would be 90 units per million units.
- 6) Transmission employees include maintenance, system operation, project services, apprentices, graduate engineers and cadets.
- 7) Excludes marketing personnel.
- 8) Results for Western Power (South West Interconnected, Pilbara Power and Regional Power).

HYDRO-ELECTRIC CORPORATION

Tasmania

Comments on own performance

The Hydro-Electric Corporation (HEC) now functions as a Government Business Enterprise under the *Hydro Electric Corporation Act 1995*.

Current Operations

The HEC operates a predominantly hydro system with an oil fired thermal plant acting as back up during periods of drought. Two thirds of the energy generated is sold to 19 major energy intensive industrial customers which are supplied under long term contracts. The remainder of the energy is sold to approximately 240 000 smaller industrial, commercial and residential customers. The HEC is vertically integrated, being solely responsible for public generation, transmission and the sale of electrical energy.

Financial Performance

The financial performance of the HEC has steadily improved over recent years. The losses that occurred in the early 1990s have been replaced by a break-even result in 1994-95 and a \$23 million after tax profit in 1995-96. Internal cash generated has improved to the extent that the borrowings required to fund capital expenditure during the early 1990s have been replaced by substantial loan repayments. The capital expenditure program is now fully funded from internally generated funds.

The financial improvement has been underpinned by a deliberate debt management strategy which has had a significant impact in lowering debt servicing charges. A focus on productivity improvements has lowered operating costs and marketing initiatives have lead to significant increases in revenues.

The HEC contributes to the finances of the Government of Tasmania in a number of ways. In 1995-96, around \$39 million was provided through Contribution to Consolidated Funds, Dividend Payment, Loan Guarantee Fee and Payroll tax.

In addition, the total cost associated with providing pensioner discounts and subsidised sales of electrical energy on the Bass Strait Islands have been assessed to be around \$16.0 million.

As the earnings before tax equivalent payments and interest payments continue to rise, the *operating sales margin* and *return on assets* indicators have improved.

The total number of Corporation employees has fallen over recent years. This is due to the completion of the West Coast dam construction projects, and continuing efficiency and effectiveness gains throughout the Corporation. This, in turn, has led to increases in labour productivity.

HYDRO-ELECTRIC CORPORATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Financial Ratios (1,2,3)						
Return on assets	%	10.3	7.2	5.5	5.9	6.3
Return on operating assets	%	10.3	7.1	5.5	5.9	6.3
Operating sales margin	%	53.2	46.6	46.0	49.2	52.1
Return on equity	%	4.5	- 0.6	- 0.5	- 0.2	1.0
Dividend to equity ratio (4,10)	%	1.9	0.6	0.6	0.5	1.2
Dividend payout ratio (4,10)	%	41.7	- 95.6	- 112.5	- 233.0	127.5
Debt to equity	%	456.8	92.7	81.9	77.8	58.5
Total liabilities to equity	%	579.4	116.6	102.6	99.1	77.6
Current ratio	%	32.3	37.4	46.2	50.4	41.0
Interest cover	%	113.7	106.9	105.6	113.5	131.0
Cost recovery ratio	%	232.8	183.4	198.2	200.1	210.0
Operational performance	%	11.0	6.6	5.9	6.0	6.3

Non-financial Ratios**GENERAL****Economic Factors**

Total factor productivity	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Economic rate of return	%	n.p.	n.p.	n.p.	n.p.	n.p.

Efficiency

Total days lost:

- industrial disputes	%	0.10	0.00	0.00	0.00	0.00
- sick leave	%	1.40	2.40	3.11	3.04	2.45
- industrial accidents	%	0.60	0.50	0.61	0.52	0.24
- all	%	2.10	2.90	3.72	3.56	2.69

Effectiveness

Percentage price change: (5)

- residential	%	6.5	4.4	3.5	-2.8	0.0
- other	%	6.8	-1.2	2.0	11.9	3.1
- overall	%	6.8	3.0	1.9	6.1	2.0

Real price index: (5)

- residential	Index	112.8	116.5	116.9	109.7	105.7
- other	Index	103.3	100.8	100.0	108.4	107.7
- overall	Index	106.0	106.7	106.0	109.3	107.3

HYDRO-ELECTRIC CORPORATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
GENERAL (continued)						
<i>Size</i>						
Total assets (2)	\$M	2 483	3 927	4 098	4 106	4 584
Total revenue (3)	\$M	455	478	471	487	517
System maximum demand	MW	1 451	1 436	1 376	1 396	1 430
Average total employment (6)	No	3 296	2 772	2 232	1 784	1 725
Service area	Sq km	45 400	45 400	45 400	45 400	45 400
<i>Safety</i>						
Lost time injury frequency rate	No/Mil.Hrs	53.1	49.0	27.0	18.7	18.5
Generation						
<i>Efficiency</i>						
Load factor	%	70.0	70.0	73.6	71.0	72.0
Capacity factor (7,11)	%	41.0	41.0	40.6	39.6	41.4
Reserve Plant Margin (11)	%	70.0	70.0	81.3	79.2	75.0
Equivalent available factor	%	83.8	84.5	90.2	87.2	93.5
Labour productivity (excluding construction and mine employees)	GWh/Emp	27.1	27.2	41.1	48.7	50.6
Thermal efficiency	%	n.r.	n.r.	n.r.	n.r.	n.r.
<i>Service Quality (12)</i>						
Equivalent forced outage factor	%	3.0	0.1	0.9	1.4	0.7
Planned outage factor	%	9.8	15.4	8.9	11.2	5.8
<i>Size</i>						
Total physical output generated (7)	GWh	8 923	8 849	8 885	8 679	9 096
Generating plant capacity (7,8)	MW	2 460	2 435	2 494	2 502	2 502
Changes in generating plant capacity						
- plant added	MW	145	n.p.	166	8	0
- plant decommissioned	MW	n.p.	25	24	0	0
- plant in dry storage	MW	n.p.	n.p.	n.p.	n.p.	n.p.

HYDRO-ELECTRIC CORPORATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
GENERATION (continued)						
Cost & Revenue Measures						
Operation and maintenance costs: (9)						
- excluding fixed costs:						
- - excluding fuel cost	\$/MWh	3.60	3.65	3.73	3.68	3.36
- - including fuel cost	\$/MWh	3.60	3.95	3.93	3.68	3.36
- including fixed costs:						
- - excluding fuel cost	\$/MWh	29.92	30.62	31.00	30.55	29.23
- - including fuel cost	\$/MWh	29.92	30.62	31.20	30.55	29.23
Environmental Indicators						
CO ₂ emissions	kg/MWh	0	0	0	0	0
Particulate emissions	kg/MWh	0	0	0	0	0
NO _x emissions	kg/MWh	0	0	0	0	0
TRANSMISSION						
Efficiency						
Transmission system reliability	1/Mill	2.53	2.58	1.58	1.55	1.72
Transmission labour productivity	GWh/Emp	47.7	46.4	41.1	47.3	57.8
Transmission equipment utilisation factor	Ratio	0.3	0.3	0.3	0.3	0.3
Transmission losses	%	n.p.	n.p.	5.0	5.0	4.9
Size						
Transmission transformer capacity (13)	MVA	5 886	5 886	5 886	5 886	5 456
Transmission circuit kilometres	km	3 536	3 559	3 571	3 571	3 469
Cost & Revenue Measures						
Operation and maintenance costs: (9)						
- excluding fixed costs:						
- - per circuit km	\$/km	2 940	2 954	3 033	2 919	2 793
- - per MWh sold (14)	\$/MWh	1.26	1.28	1.31	1.24	1.12
- including fixed costs:						
- - per circuit km	\$/km	9 035	9 079	9 322	8 972	8 838
- - per MWh sold (14)	\$/MWh	3.87	3.94	4.03	3.81	3.54

HYDRO-ELECTRIC CORPORATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>DISTRIBUTION</i>						
<i>Efficiency</i>						
Distribution labour productivity	Cus/Emp	338	356	391	429	484
Distribution equipment utilisation factor	Ratio	0.16	0.16	0.16	0.15	0.15
Sub-transmission equipment utilisation factor	Ratio	0.30	0.23	0.23	0.31	0.33
Distribution losses	%	n.p.	n.p.	3.00	3.57	5.13
<i>Service Quality</i>						
Outage response time factor	Min	102.9	91.2	69.6	73.5	86.5
- planned	Min	n.p.	n.p.	n.p.	n.p.	n.p.
- unplanned	Min	n.p.	n.p.	n.p.	n.p.	n.p.
System average outage frequency factor	No/Cus	2.56	3.10	2.38	2.21	2.08
- planned	No/Cus	n.p.	n.p.	n.p.	n.p.	n.p.
- unplanned	No/Cus	n.p.	n.p.	n.p.	n.p.	n.p.
Loss of supply factor	Min/Cus	263.4	282.6	165.6	162.4	180.0
- planned	Min/Cus	n.p.	n.p.	n.p.	n.p.	n.p.
- unplanned	Min/Cus	n.p.	n.p.	n.p.	n.p.	n.p.
<i>Size</i>						
Total number of customers						
- residential	'000	184	189	196	199	201
- other (5)	'000	42	42	42	41	41
- overall	'000	226	230	238	240	242
Total physical output						
- residential	GWh	n.p.	n.p.	1 782	1 751	1 829
- other (5)	GWh	n.p.	n.p.	1 240	1 419	1 463
- overall	GWh	n.p.	n.p.	3 022	3 168	3 311
Distribution transformer capacity	MVA	2 172	2 192	2 360	2 369	2 450
Distribution circuit kilometres	km	23 833	24 211	24 452	24 602	25 003
Customer Density						
- Customers per distribution. circuit kilometre	Cus/km	9.4	9.4	9.4	9.8	9.7
- Sales (MWh) per circuit kilometre	MWh/km	122.5	120.0	122.9	128.8	132.4

DISTRIBUTION (continued)

HYDRO-ELECTRIC CORPORATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>Cost & Revenue Measures</i>						
Average price of product: (5)						
- residential	\$/MWh	87.0	90.8	94.0	91.4	91.4
- other (5)	\$/MWh	110.5	112.5	108.4	113.0	112.3
- major industrials	\$/MWh	24.1	24.5	24.6	26.3	28.8
- overall	\$/MWh	50.1	51.6	52.6	55.8	56.9
Operation and maintenance costs: (9)						
- excluding fixed costs:						
- - per circuit km	\$/km	1 839	1 819	1 849	1 769	1 669
- - per MWh sold	\$/MWh	14.62	14.88	14.88	13.69	12.57
- including fixed costs:						
- - per circuit km	\$/km	3 322	3 268	3 341	3 196	3 119
- - per MWh sold	\$/MWh	26.42	26.89	26.89	24.74	23.49

NOTES TO INDICATORS FOR HYDRO-ELECTRIC CORPORATION

Key: n.p. - not provided; n.r. - not relevant.

- 1) Data based on accounts prepared on an accrual basis under the historical cost convention, with the exception of Property, Plant and Equipment which have been revalued (see note 2(c) below).
- 2) There were four major accounting changes that may impact comparisons of post 1991-92 data with previous years.
 - (a) Post 1991-92 data relating to operating expenses is not directly comparable because 1992-93 was the first full year of the Business Unit organisation structure introduced under Commercialisation in March 1992. Some other minor changes in definitions have also been made.
 - (b) Customer contributions towards capital works, which were previously reported as a capital contribution through the Customer Contributions Reserve, are treated as revenue for 1992-93 and subsequent years. The balance of the Customer Contributions Reserve at 30 June 1992 was transferred to Retained Earnings.

HYDRO-ELECTRIC CORPORATION (continued)

NOTES TO INDICATORS FOR HYDRO-ELECTRIC CORPORATION (continued)

(c) The Hydro-Electric Corporation (HEC) revalued its fixed assets (Property, Plant and Equipment) as at 1 July 1993 to the lower of deprival value and recoverable amount. In previous years these assets were valued at historical cost. The assessed recoverable amount was used for the final valuation of HEC's fixed assets. The impact of this change was to increase the carrying amount of non-current fixed assets as at 1 July 1992 by \$1.5 billion. HEC continues to revalue fixed assets at the 30 June each year to the lower of deprival and recoverable amount (see table below).

<i>Category of asset</i>	<i>Method of valuation</i>	<i>Date of revaluation</i>	<i>Impact of revaluation</i>
Generation	Recoverable Amount	30 June 96	\$371.81m
Transmission	Recoverable Amount	30 June 96	\$10.34m
Substations	Recoverable Amount	30 June 96	\$26.07m
Distribution	Recoverable Amount	30 June 96	\$62.19m
Ancillary	Recoverable Amount	30 June 96	\$6.13m
Meters	Recoverable Amount	30 June 96	\$0.51m
Motor Vehicles	Historic Cost	30 June 96	\$2.48m
Minor Assets	Historic Cost	30 June 96	\$3.81m
Bass Strait Is.	Historic Cost	30 June 96	\$0.45m
Land/Buildings	Market Valuation	30 June 96	\$0.08m
Asset Revaluation Increment			\$483.87m

(d) In years prior to 1992–93, the sinking fund method of depreciation was used for completed works assets while the straight line method was used for other assets. Applying these methods to assets at historical cost, the depreciation charge for 1992–93 would have been \$51 million. The impact of the asset revaluation (see note 2(c)) and the adoption of a depreciation charge method based on units of output energy production was to increase the depreciation charge for the year 1992–93 by an additional \$50 million.

Based on the 1995–96 recoverable amount valuation of fixed assets, the 1995–96 depreciation charge was \$103.0 million.

- 3) The electricity consumption levy charged separately by the Tasmanian Government to the major industrial customers is excluded from revenue calculations. Revenue from trading excludes abnormal revenue.
- 4) Dividend policy as per State Treasury advice.

HYDRO-ELECTRIC CORPORATION (continued)

NOTES TO INDICATORS FOR HYDRO-ELECTRIC CORPORATION (continued)

- 5) Price of electricity has been calculated from total unit sales and sales revenue. 'Other' includes the major industrial customers except in *Total number of customers - other*, *Total physical output - other*, and *Average price of product - other*, where the major industrial customers are excluded. Sales revenue excludes the statutory levy of 5 percent on retail sales collected on behalf of the Tasmanian Government.
- 6) Staff numbers are reported as number of employees including construction, casual and part time staff, but excluding contractors.
- 7) Annual generation and capacity data excludes that for the Bass Strait Islands.
- 8) Waddamana power station no. 1 & 2 machines decommissioned in 1992-93. Lake Margaret came under HEC in December 1994, providing an additional 8.4 MW capacity.
- 9) Operation and Maintenance costs for Generation, Distribution and Transmission have been calculated for 1994-95 and 1995-96 using "Ring Fencing" accounting procedures and current cost depreciation. Operation and Maintenance costs for earlier years have been estimated.
- 10) Under the *State Authorities Financial Management Act 1990*, HEC is required to calculate a tax equivalent, excluding capital gains tax, as if it were a company under Commonwealth income tax laws. As a result HEC applies tax effect accounting principles using the tax rate of 40 percent for 1991-92 and 1992-93 financial results. On a before tax basis, Return on Equity is 9.3 per cent (1991-92) and 1.4 per cent (1992-93); while the Dividend Payout Ratio is 20.0 per cent (1991-92) and 41.8 per cent (1992-93).
- 11) The HEC hydro schemes are designed to be operated in an integrated system to maximise the average long term energy output from the integrated system while minimising spill. Therefore, *capacity factor* and *reserve plant margin* for a hydro system are less meaningful for measuring technical performance than when used for measuring the technical performance of non-hydro systems.
- 12) The relevance of the outage factors to the service quality of HEC's generation system is questionable, because its hydro system is energy constrained and not capacity constrained. Generator outage does not necessarily mean outage to customers because the generation system has sufficient capacity to maintain reliable service required by the customers.
- 13) Figures for 1991-92 and 1992-93 include generator transformers.
- 14) Transmission sales include sales at high voltage to major industrial customers and sales to the distribution system.

POWER AND WATER AUTHORITY Northern Territory

Comments on own performance

The Power and Water Authority was established in 1987 by the amalgamation of the Northern Territory Electricity Commission, the Northern Territory Water Authority and the Water Resources Division of the Department of Mines and Energy. The Authority is the sole provider of public electricity, water and sewerage services throughout the Northern Territory.

Current operations

The Authority conducts its business in the four main regions of the Northern Territory, namely Darwin, Katherine, Tennant Creek and Alice Springs. In addition to the provision of services to these urban centres, the Authority provides services to some 83 remote Aboriginal communities throughout the Territory. Overall, the Authority provides 61 000 electricity services across the Territory.

Financial performance

The Authority maintains infrastructure over a large area for a relatively small customer base. At self government in 1978, the Commonwealth entered into a special arrangement to continue to subsidise the supply of electricity to Territory urban and minor centres. The highest subsidy payments by the Commonwealth reached around \$80 million but none have been paid since 1993–94. The Authority started reporting its assets on a replacement value basis in 1994–95.

Non-financial performance

Labour productivity on electricity generation operations has steadily improved since 1991–92 from 4.1 GWh to 8 GWh per employee. This is partly due to the Authority moving from diesel powered generation to gas in its major generation centres.

POWER AND WATER AUTHORITY (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Financial Ratios (1)						
Return on assets	%	4.5	4.2	6.6	2.4	0.8
Return on operating assets	%	4.3	4.1	6.6	2.1	0.3
Operating sales margin	%	9.5	9.0	14.4	5.5	1.0
Return on equity	%	- 6.8	- 6.6	1.7	- 0.8	- 2.7
Dividend to equity ratio	%	0.0	0.0	0.0	1.7	0.6
Dividend payout ratio	%	0.0	0.0	0.0	- 215.2	- 23.3
Debt to equity	%	122.5	115.4	110.9	49.4	49.2
Total liabilities to equity	%	141.4	131.6	130.6	57.7	59.1
Current ratio	%	193.9	225.9	179.3	208.2	176.2
Interest cover	%	61.9	60.4	112.4	84.8	32.2
Cost recovery ratio	%	98.3	107.5	111.2	106.4	101.5
Operational performance	%	- 0.7	3.0	4.4	2.3	0.5

Non-financial Ratios**GENERAL****Economic Factors**

Total factor productivity	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Economic rate of return	%	n.p.	n.p.	n.p.	n.p.	n.p.

Efficiency

Total days lost:						
- industrial disputes	%	0.10	0.00	0.20	0.07	0.05
- sick leave	%	n.p.	n.p.	3.40	3.70	3.92
- industrial accidents	%	0.30	0.40	0.40	0.41	0.24
- all	%	n.p.	n.p.	4.00	4.17	4.20

Effectiveness

Percentage price change:						
- residential	%	5.7	1.3	0.6	-0.1	-0.5
- other	%	4.8	3.0	1.2	-1.5	-2.8
- overall	%	4.9	2.6	0.8	-1.0	-2.0
Real price index:						
- residential	Index	99.4	99.3	98.1	95.3	91.1
- other	Index	99.8	101.2	100.7	96.4	89.9
- overall	Index	99.7	100.7	99.8	96.0	90.3

POWER AND WATER AUTHORITY (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
GENERAL (continued)						
<i>Size</i>						
Total assets (6)	\$M	412	425	443	645	631
Total revenue	\$M	187	191	195	203	211
System maximum demand (2)	MW	150	157	159	170	188
Average total employment	No	616	633	539	529	539
Service area	Sq km	n.p.	n.p.	n.p.	n.p.	n.p.
<i>Safety</i>						
Lost time injury frequency rate (10)	No/Mil.Hrs	32.0	31.0	30.1	34.0	38.9
GENERATION						
<i>Efficiency</i>						
Load factor	%	64.5	62.7	63.6	67.9	65.9
Capacity factor	%	38.6	39.3	41.2	44.1	43.7
Reserve Plant Margin	%	67.3	59.5	54.2	53.9	50.6
Equivalent available factor	%	98.9	98.9	98.7	98.8	95.8
Labour productivity (excluding construction and mine employees)	GWh/Emp	4.1	4.4	6.1	7.2	8.0
Thermal efficiency	%	35.6	34.8	35.3	36.1	36.7
<i>Service Quality</i>						
Equivalent forced outage factor	%	0.0	0.0	0.0	n.p.	n.p.
Planned outage factor	%	n.p.	0.1	0.0	n.p.	n.p.
<i>Size</i>						
Total physical output generated	GWh	1 199	1 198	1 209	1 317	1 467
Generating plant capacity (3)	MW	381	381	368	391	400
Changes in generating plant capacity:						
- plant added (4)	MW	8	0	0	23	22
- plant decommissioned (4)	MW	0	0	13	0	14
- plant in dry storage	MW	0	0	0	0	0

GENERATION (continued)

POWER AND WATER AUTHORITY (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>Cost & Revenue Measures</i>						
Operation and maintenance costs:						
- excluding fixed costs: (5)						
- - excluding fuel cost	\$/MWh	28.0	30.9	28.2	22.9	20.4
- - including fuel cost	\$/MWh	101.6	96.3	94.2	61.4	48.2
- including fixed costs: (5,6)						
- - excluding fuel cost	\$/MWh	54.1	56.9	52.7	81.0	79.1
- - including fuel cost	\$/MWh	127.8	122.3	118.7	119.5	106.9
<i>Environmental Indicators</i>						
CO ₂ emissions	kg/MWh	n.p.	n.p.	598	607	616
Particulate emissions	kg/MWh	n.p.	n.p.	n.p.	n.p.	n.p.
NO _x emissions	kg/MWh	n.p.	n.p.	2.1	2.1	2.1
TRANSMISSION						
<i>Efficiency</i>						
Transmission system reliability	1/Mill	17.2	n.p.	35.4	n.p.	n.p.
Transmission labour productivity	GWh/Emp	n.r.	n.r.	n.r.	n.r.	n.r.
Transmission equipment utilisation factor	Ratio	0.2	0.2	0.2	0.2	0.3
Transmission losses	%	n.p.	n.p.	3.1	2.8	2.3
<i>Size</i>						
Transmission transformer capacity	MVA	435	435	435	435	435
Transmission circuit kilometres (7)	km	341	341	341	341	341
<i>Cost & Revenue Measures</i>						
Operation and maintenance costs:						
- excluding fixed costs:						
- - per circuit km (7)	\$/km	5 188	5 129	3 434	3 094	3 941
- - per MWh sold	\$/MWh	2.2	2.1	1.4	1.2	1.4
- including fixed costs:						
- - per circuit km	\$/km	27 235	27 126	12 971	16 144	15 070
- - per MWh sold	\$/MWh	11.4	11.1	5.4	6.2	5.3

DISTRIBUTION

POWER AND WATER AUTHORITY (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>Efficiency</i>						
Distribution labour productivity	Cus/Emp	165	155	168	172	174
Distribution equipment utilisation factor	Ratio	0.18	0.18	0.18	0.19	0.20
Sub-transmission equipment utilisation factor	Ratio	n.p.	n.p.	n.p.	0.18	0.19
Distribution losses (8)	%	10.5	4.4	5.3	4.0	4.8
<i>Service Quality</i>						
Outage response time factor	Min	62.0	47.0	41.0	n.p.	n.p.
- planned	Min	n.p.	n.p.	n.p.	n.p.	n.p.
- unplanned	Min	n.p.	n.p.	n.p.	n.p.	n.p.
System average outage frequency factor	No/Cus	4.7	4.3	5.1	n.p.	n.p.
- planned	No/Cus	n.p.	n.p.	n.p.	n.p.	n.p.
- unplanned	No/Cus	n.p.	n.p.	n.p.	n.p.	n.p.
Loss of supply factor	Min/Cus	291.0	199.0	209.0	n.p.	n.p.
- planned	Min/Cus	n.p.	n.p.	n.p.	n.p.	n.p.
- unplanned	Min/Cus	n.p.	n.p.	n.p.	n.p.	n.p.
<i>Size</i>						
Total number of customers:						
- residential	'000	45	46	48	50	51
- other	'000	9	9	9	10	10
- overall	'000	54	56	58	59	61
Total physical output sold to:						
- residential	GWh	280	300	313	331	356
- other	GWh	753	806	779	858	985
- overall	GWh	1 033	1 105	1 092	1 190	1 342
Distribution transformer capacity	MVA	657	690	694	700	719
Distribution circuit kilometres (9)	km	5 353	5 243	5 267	5 450	5 620
Customer Density:						
- customers per distribution circuit kilometre	Cus/km	10.1	10.6	11.0	10.9	10.9
- sales (MWh) per circuit kilometre	MWh/km	193.1	210.8	207.4	218.3	238.3

DISTRIBUTION (continued)

Cost & Revenue Measures

POWER AND WATER AUTHORITY (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Average price of product:						
- residential	\$/MWh	131.3	133.0	133.8	133.7	133.1
- other	\$/MWh	151.4	155.6	157.7	155.3	151.0
- overall	\$/MWh	145.9	149.5	150.8	149.3	146.3
Operation and maintenance costs:						
- excluding fixed costs: (6)						
- - per circuit km	\$/km	3 844	4 340	3 912	5 785	4 438
- - per MWh sold	\$/MWh	19.9	20.6	19.1	27.6	19.5
- including fixed costs: (6)						
- - per circuit km	\$/km	8 442	8 749	8 592	16 212	17 146
- - per MWh sold	\$/MWh	43.7	42.7	40.4	77.5	75.5

NOTES TO INDICATORS FOR POWER AND WATER AUTHORITY (ELECTRICITY)

Key: n.p. - not provided; n.r. - not relevant.

- 1) PAWA is an integrated service provider and care should be taken in interpreting trends in assets, equity, revenue, expenses and staff numbers. A significant component of capital assets has been allocated between power and water segments. Total revenue includes a significant component of government contributions for CSOs and to cover operating deficits up to 1993-94. A significant component of corporate level expense and headcount have been allocated between power and water segments, in the published accounts, and between generation and distribution for calculation of Operation and Maintenance costs. The basis for this allocation has changed from year to year.
- 2) Only relates to Darwin Katherine interconnected system rather than Northern Territory as a whole.
- 3) Based on site ratings.
- 4) Only net movements available before 1995-96
- 5) The lease cost component of energy charges was treated as part of fuel costs until 1993-94 and as part of fixed costs from 1994-95.

POWER AND WATER AUTHORITY (continued)

NOTES TO INDICATORS FOR POWER AND WATER AUTHORITY (continued)

- 6) Revalued assets and current value depreciation used from 1994–95. Historical values used in previous years.
- 7) Darwin and Katherine have power transmitted at 132 kV. 285 km of the line is privately owned and operated. All other transmission employment and Operation and Maintenance costs are included with distribution.
- 8) Distribution losses include unmetered customers such as street lighting which contributes about 1.2 per cent of the total.
- 9) 11-66 kV. Includes 155 km of privately owned lines.
- 10) Figures for 1993–94 onwards relate to electricity operations only.
- 11) Community Service Obligations: (also see table below)
- Government contributions fund the cash deficit in the Authority's Aboriginal Essential Services Division.
 - Internally funded rebates are treated as an expense and not netted off against revenue.
 - Pensioner concessions of \$1.6 million per annum (funded by Department of Health & Community Services) are no longer treated as CSOs of the Authority.

<i>Category of CSO</i>	<i>Valuation method</i>	<i>Source of funding</i>	<i>Year</i>	<i>Cost \$'000s</i>
Aboriginal community services	cash deficit	NT Government	1995–96	12 837
			1994–95	18 303
			1993–94	15 187
			1992–93	15 060
			1991–92	14 000
Air conditioner rebates	lost revenue	internal	1995–96	73
			1994–95	66
			1993–94	60
			1992–93	56

POWER AND WATER AUTHORITY (continued)

Units *1991-92* *1992-93* *1993-94* *1994-95* *1995-96*

ACTEW CORPORATION**Australian Capital Territory****Comments on own performance***Background*

ACTEW was formed in 1988 by the amalgamation of the ACT Electricity Authority with ACT Water. ACTEW supplies electricity to a population of approximately 300 000 people in the Canberra region.

Generally, stringent planning requirements have often required higher service provision standards than would have been required elsewhere.

On 1 July 1995, ACTEW became a corporation and is now subject to equivalent income and sales taxes which are included as part of the dividend payment to ACT Government.

Performance

ACTEW's electricity operations in 1995–96 reported an *operating profit before tax* of \$32.2 million. This is a small increase of \$0.041 million from the previous year.

Earnings before interest and tax as a percentage of revenue also showed an improvement in the year following corporatisation, rising from 13.5 per cent in 1994–95 to 13.9 per cent in 1995 96. This performance was underpinned by a reduction in *operating costs* of \$4.6 million.

During its first year as a corporate enterprise ACTEW maintained its position as the provider of the lowest residential prices for electricity and confirmed its position as an Australia-wide energy retailer.

Competitive positioning

The new national electricity market has already provided challenges, risks and uncertainties, and ACTEW has positioned itself as a competitive force in the market. The recent announcement of a new contract for the supply of electricity to ANZ Bank premises throughout Victoria worth \$2.8 million marks the initial stage of this expansion.

Dynamic transformation

ACTEW's move from servicing a single market to compete against Australian and international competitors has transformed its operations and business culture. Competitive advantage is gained through an increased customer orientation by ACTEW's total work force, resulting in unprecedented high levels of customer satisfaction. These changes have occurred without downsizing and staff cut backs, and ACTEW remains Canberra's largest employer with almost 1300 people.

ACTEW CORPORATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Financial Ratios						
Return on assets	%	7.7	7.7	6.1	8.0	7.3
Return on operating assets	%	7.4	7.5	6.0	7.8	7.4
Operating sales margin	%	11.5	11.9	10.1	13.5	13.9
Return on equity	%	8.2	8.4	6.7	9.0	5.0
Dividend to equity ratio	%	5.7	6.7	3.2	10.5	3.8
Dividend payout ratio	%	69.2	79.5	48.5	116.6	75.5
Debt to equity	%	7.0	5.5	4.1	2.9	0.9
Total liabilities to equity	%	24.0	21.9	16.2	20.5	0.9
Current ratio	%	98.6	99.1	118.2	76.5	2 015.9
Interest cover	%	591.0	871.5	1 216.3	2 107.7	4 894.9
Cost recovery ratio	%	113.0	113.6	111.8	114.6	116.1
Operational performance	%	7.4	7.6	6.3	7.4	7.4

Non-financial Ratios**GENERAL****Economic Factors**

Total factor productivity	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Economic rate of return	%	n.p.	n.p.	n.p.	n.p.	n.p.

Efficiency

Total days lost:						
- industrial disputes	%	n.p.	n.p.	0.00	0.03	0.01
- sick leave	%	n.p.	n.p.	4.68	3.53	3.18
- industrial accidents	%	n.p.	n.p.	1.48	0.42	0.30
- all	%	n.p.	n.p.	6.17	3.98	3.49

Effectiveness

Percentage price change:						
- residential	%	3.5	5.1	0.4	-0.6	3.8
- other	%	2.8	3.5	1.7	-3.4	0.5
- overall	%	3.2	3.9	1.5	-2.4	1.9
Real price index:						
- residential	Index	99.8	103.2	101.8	98.0	97.3
- other	Index	99.6	101.5	101.4	94.8	91.2
- overall	Index	99.7	102.0	101.8	96.2	93.8

ACTEW CORPORATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
GENERAL (continued)						
<i>Size</i>						
Total assets	\$M	379	409	421	428	476
Total revenue	\$M	232	242	241	241	237
System maximum demand	MW	562	572	547	556	570
Average total employment	No	798	796	780	751	695
Service area	Sq km	n.p.	2 359	2 359	2 359	2 359
<i>Safety</i>						
Lost time injury frequency rate	No/Mil.Hrs	62.1	45.5	43.4	39.7	34.4
DISTRIBUTION						
<i>Efficiency</i>						
Distribution labour productivity	Cus/Emp	142	148	157	167	n.p.
Distribution equipment utilisation factor	Ratio	0.19	0.19	0.18	0.18	0.18
Sub-transmission equipment utilisation factor	Ratio	n.p.	n.p.	n.p.	n.p.	0.2
Distribution losses	%	5.6	4.2	4.4	4.4	4.8
<i>Service Quality</i>						
Outage response time factor	Mins	26.9	29.8	38.1	31.1	35.8
- planned	Mins	28.7	36.1	34.7	24.1	31.0
- unplanned	Mins	26.3	28.4	39.2	32.8	37.0
System average outage frequency factor	No/Cus	0.98	1.34	1.14	0.80	1.09
- planned	No/Cus	0.24	0.25	0.26	0.15	0.22
- unplanned	No/Cus	0.74	1.09	0.88	0.65	0.87
Loss of supply factor	Min/Cus	26.4	40.0	43.5	24.9	39.0
- planned	Min/Cus	6.9	9.0	9.0	3.6	6.8
- unplanned	Min/Cus	19.5	31.0	34.5	21.3	32.2

ACTEW CORPORATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>DISTRIBUTION (continued)</i>						
<i>Size</i>						
Total number of customers:						
- residential	'000	102	106	109	113	115
- other	'000	12	12	13	12	12
- overall	'000	114	118	122	125	127
Total physical output sold to:						
- residential	GWh	1 001	1 052	1 016	1 041	1 037
- other	GWh	1 164	1 197	1 200	1 231	1 250
- overall	GWh	2 165	2 249	2 216	2 272	2 287
Distribution transformer capacity	MVA	1 282	1 349	1 379	1 415	1 441
Distribution circuit kilometres	km	4 373	4 483	4 581	4 801	4 861
Customer density:						
- customers per distribution circuit kilometre	Cus/km	25.7	25.8	26.1	25.7	25.9
- sales (MWh) per circuit kilometre	MWh/km	495	502	484	473	471
<i>Cost & Revenue Measures</i>						
Average price of product:						
- residential	\$/MWh	76.8	80.7	81.0	80.6	83.6
- other	\$/MWh	109.4	113.2	115.1	111.2	111.8
- overall	\$/MWh	94.3	98.0	99.5	97.1	99.0
Operating and maintenance costs						
- excluding fixed costs:						
- - per circuit km	\$/km	6 537	5 873	5 817	5 588	5 242
- - per MWh sold	\$/MWh	13.20	11.70	12.00	11.81	11.27
- including fixed costs:						
- - per circuit km	\$/km	14 085	13 836	14 673	14 381	14 542
- - per MWh sold	\$/MWh	28.50	27.60	30.30	30.39	30.91

NOTES TO INDICATORS FOR ACTEW (ELECTRICITY)

Key: n.p. - not provided; n.r. - not relevant.

SNOWY MOUNTAINS HYDRO-ELECTRIC AUTHORITY

Commonwealth

Comments on own performance

The Snowy Mountains Hydro-electric Authority (SMHEA) was established in 1949 under Commonwealth legislation to construct and manage the Snowy Mountains Scheme — a dual purpose hydro-electric and irrigation development in the Snowy Mountains. The Scheme's main operations are the collection, storage, diversion and release of water for irrigation purposes and the generation and transmission of environmentally friendly renewable electricity for New South Wales, Victoria and the Australian Capital Territory. The Scheme operates on a cost recovery basis with the costs met by the three electricity customers.

Financial performance

The *Snowy Mountains Hydro-electric Power Act 1949* provides that borrowing by the Authority may be guaranteed by the Commonwealth as to the repayment of principal and interest. Inscribed stock is issued as security for the borrowing. There was a 300 per cent increase in Inscribed Stock maturities this financial year which had a detrimental effect on the *Current Ratio*.

Our *Operating Loss* and *EBIT* experienced a slight improvement. The absence of significant losses on disposal of assets in 1995–96 improved our position in respect to *Return on Assets* and *Interest Cover* ratios.

Non-financial performance

The Scheme has been designed with mainly peak load generators with low utilisation factors. It provides important support services to the south-east Australian interconnected electricity grid and provides the key electricity transmission link between New South Wales and Victoria. The Authority is confident that the Scheme has a viable future in the forthcoming competitive national electricity market.

The generating plant reliability and availability rates achieved for the year were world class and the Authority's performance in key areas of electricity generation, water management and financial management exceeded set targets. The scheme produced 4752 GWh of clean renewable energy to meet the high price periods of the New South Wales and Victorian electricity markets.

Lost time injury frequency rates and duration did not meet targets set and remain an on-going concern. The Occupational Health & Safety system has been reviewed and restructured and a total quality management safety system is to be introduced across all business units in the forthcoming year.

SNOWY MOUNTAINS HYDRO-ELECTRIC AUTHORITY (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Financial Ratios (1)						
Return on assets	%	0.0	0.0	- 0.1	0.0	0.3
Return on operating assets	%	- 0.5	- 0.3	- 0.3	- 0.3	0.0
Operating sales margin	%	- 8.2	- 8.1	- 6.2	- 6.7	- 0.7
Return on equity	%	- 6.0	- 3.1	- 3.4	- 3.5	- 3.1
Dividend to equity ratio (3)	%	0.0	0.0	0.0	0.0	0.0
Dividend payout ratio (3)	%	0.0	0.0	0.0	0.0	0.0
Debt to equity	%	33.1	34.8	36.2	37.7	38.6
Total liabilities to equity	%	36.5	38.6	39.9	41.6	42.8
Current ratio	%	59.7	36.8	30.6	18.6	9.2
Interest cover (2)	%	- 0.3	2.1	- 2.7	- 1.0	12.7
Cost recovery ratio	%	92.4	92.5	94.2	93.7	99.3
Operational performance	%	- 0.5	- 0.3	- 0.3	- 0.3	0.0

Non-financial Ratios

GENERAL

Economic Factors

Total factor productivity	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Economic rate of return	%	n.p.	n.p.	n.p.	n.p.	n.p.

Efficiency

Total days lost:

- industrial disputes	%	0.27	0.00	0.00	0.04	0.00
- sick leave	%	2.45	1.94	2.30	2.52	2.06
- industrial accidents	%	0.27	0.11	0.10	0.16	0.20
- all	%	2.98	2.05	2.40	2.73	2.26

Effectiveness

Percentage price change:

- residential (4)	%	n.r	n.r	n.r	n.r	n.r
- other	%	16.4	-22.7	26.8	1.2	12.7
- overall	%	16.4	-22.7	26.8	1.2	12.7

Real price index: (5)

- residential (4)	Index	n.r.	n.r.	n.r.	n.r.	n.r.
- other	Index	83.4	63.8	79.7	78.1	83.1
- overall	Index	83.4	63.8	79.7	78.1	83.1

SNOWY MOUNTAINS HYDRO-ELECTRIC AUTHORITY (continued)

	<i>Units</i>	1991-92	1992-93	1993-94	1994-95	1995-96
GENERAL (continued)						
<i>Size</i>						
Total assets	\$M	3 923	3 866	3 774	3 687	3 605
Total revenue	\$M	166	165	169	175	171
System maximum demand	MW	2 938	2 550	2 598	3 083	2 852
Average total employment (6)	No	758	707	688	668	640
Service area	Sq km	3 200	3 200	3 200	3 200	3 200
<i>Safety</i>						
Lost time injury frequency rate	No/Mil.Hrs	26.6	27.5	22.0	19.9	26.0
GENERATION						
<i>Efficiency</i>						
Load factor	%	20.0	29.3	24.3	20.7	19.2
Capacity factor	%	15.7	20.0	16.9	17.0	14.6
Reserve Plant Margin	%	27.3	46.7	44.0	21.8	31.7
Equivalent available factor (9)	%	86.6	84.8	83.0	87.0	85.5
Labour productivity (excluding construction employees) (7)	GWh/Emp	9.1	12.6	11.0	10.8	9.2
Thermal efficiency	%	n.r.	n.r.	n.r.	n.r.	n.r.
<i>Service Quality</i>						
Equivalent forced outage factor	%	1.4	1.2	1.5	1.6	1.1
Planned outage factor	%	12.0	14.0	15.5	11.4	13.4
<i>Size</i>						
Total physical output generated	GWh	5 151	6 535	5 539	5 582	4 796
Generating plant capacity	MW	3 740	3 740	3 740	3 756	3 756
Changes in generating plant capacity:						
- plant added (8)	MW	0	0	0	16	0
- plant decommissioned	MW	0	0	0	0	0
- plant in dry storage	MW	0	0	0	0	0

SNOWY MOUNTAINS HYDRO-ELECTRIC AUTHORITY (continued)

	Units	1991-92	1992-93	1993-94	1994-95	1995-96
GENERATION (continued)						
Cost & Revenue Measures						
Operation and maintenance costs:						
- excluding fixed costs:						
- - excluding fuel cost	\$/MWh	8.20	6.22	8.50	9.48	10.12
- - including fuel cost	\$/MWh	8.20	6.22	8.50	9.48	10.12
- including fixed costs:						
- - excluding fuel cost (7)	\$/MWh	39.70	30.34	38.91	43.61	47.45
- - including fuel cost	\$/MWh	39.70	30.34	38.91	43.61	47.45
Environmental Indicators						
CO ₂ emissions	kg/MWh	0	0	0	0	0
Particulate emissions	kg/MWh	0	0	0	0	0
NO _x emissions	kg/MWh	0	0	0	0	0
TRANSMISSION						
Efficiency						
Transmission system reliability	1/Mill	0.0	0.0	0.0	0.0	0.0
Transmission labour productivity (7)	GWh/Emp	26.8	34.5	29.8	44.9	63.4
Transmission equipment utilisation factor	Ratio	0.14	0.18	0.15	0.16	0.10
Transmission losses	%	0.0	0.0	0.0	0.0	0.0
Size						
Transmission transformer capacity	MVA	4 062	4 062	4 062	4 062	4 062
Transmission circuit kilometres (10)	km	270	270	270	270	270
Cost & Revenue Measures						
Operation and maintenance costs:						
- excluding fixed costs:						
- - per circuit km (7)	\$/km	38 813	43 072	39 997	21 260	20 121
- - per MWh sold	\$/MWh	1.54	1.30	1.51	0.77	0.80
- including fixed costs:						
- - per circuit km (7)	\$/km	187 819	210 030	182 965	97 808	94 341
- - per MWh sold	\$/MWh	9.98	8.60	8.81	4.77	5.40

SNOWY MOUNTAINS HYDRO-ELECTRIC AUTHORITY (continued)

NOTES TO INDICATORS FOR SNOWY MOUNTAINS HYDRO-ELECTRIC AUTHORITY

Key: n.p. - not provided; n.r. - not relevant.

- 1) The Authority's assets were valued at historical cost until 1991-92, when the current replacement cost and written down value were determined by independent consultants and subjected to audit. Due to the increased depreciation charges SMHEA recorded a loss since that time. These accounting changes have caused the reductions in the financial ratios. The Authority operates under a cost recovery process and cannot accumulate equity. The earnings consist mainly of profit on sale of land and buildings. The Authority is not subject to income tax, nor is it required to pay tax equivalents.
- 2) Gross interest expense includes amortisation of inscribed stock discount.
- 3) The Authority does not pay dividends nor distribute profits in any way.
- 4) The Authority is not involved in distribution to retail customers.
- 5) Weighted capital city CPI used for Sydney, Canberra and Melbourne.
- 6) Number of staff is equivalent full time personnel of the Authority (including trainees and apprentices) plus EC operators. The distribution of employee numbers to generation and transmission has been achieved by allocating the total work force uniformly across areas in proportion to total labour costs.
- 7) All support costs and employee numbers have been proportionally distributed to Transmission or Generation.
- 8) Additional plant capacity results from refurbishment of Tumut 1 and Tumut 2 Power Stations.
- 9) MWh losses have been defined as scheduled and unscheduled outages.
- 10) The Authority's grid system consists of small number of kilometres and six substations.

**SNOWY MOUNTAINS
HYDRO-ELECTRIC AUTHORITY (continued)**

Units *1991-92* *1992-93* *1993-94* *1994-95* *1995-96*

2 GAS

GASCOR (Vic)	125
Gas Transmission Corporation (Vic)	133
AlintaGas (WA)	137

GASCOR**Victoria****Comments on own performance**

GASCOR, trading as Gas and Fuel, was incorporated in December 1994 under the Victorian *Gas Industry Act* which essentially split the former Gas and Fuel Corporation of Victoria (GFCV) into two parts — Gas and Fuel, which distributes and markets natural gas in Victoria and parts of New South Wales, and the Gas Transmission Corporation (GTC) which owns and operates transmission pipelines. Gas and Fuel has grown to become Australia's largest natural gas supplier with 1.36 million customers in June 1996.

Restructuring and downsizing was a key business focus for Gas and Fuel from the early 1990s. The process accelerated in the mid 1990s in response to State and national gas industry reforms. In June 1995, the company had 3091 employees, further reducing to 1815 by June 1996. During 1995–96, gas appliance repair and maintenance and meter installations were outsourced, and mains and services maintenance was also outsourced in an innovative 'alliance partnering' arrangement with three external providers.

A competitive national gas industry will allow third party gas marketing organisations and large scale gas consumers to have access to gas distribution networks. With this in mind, Gas and Fuel 'ring-fenced' or separated its distribution (Network) functions from its marketing (Energy Retail) functions in July 1996. Ring-fencing was introduced to establish separate financial and operational parameters for each business unit, to clearly establish appropriate fees to charge for third party distribution access, and to eliminate the possibility of any cross-subsidies. A third business, known as Contestable Services, provides gas engineering and other technical services, Gasmart operates Gas and Fuel's appliance retail activities and a small number of corporate and policy groups provide support to all business units.

Performance

Gas and Fuel is increasingly commercially comparable with similar businesses that are not State-owned. The company paid State Equivalent Income Tax for the first time in 1993–94 and Wholesale Sales Tax in 1995–96. During that year, an operating profit of \$121.5 million was achieved from operating revenue of \$1219 million, slightly down on the previous year's profit of \$128.1 million. Operating profit before tax was \$188 million, \$12 million more than the previous year.

While operating in a mature Victorian market, Gas and Fuel maintains a high penetration of domestic and industrial markets. In 1995–1996, it increased annual gas sales to a record 175 million GJ, despite weather patterns which were less favourable than usual for energy sales. During 1995–96, the company took the first steps in a \$40 million plus project to supply natural gas to Ararat, Stawell and Horsham in Victoria, and gained approval to begin work to supply natural gas to 19 Murray Valley towns, including a number in New South Wales.

GASCOR (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Financial Ratios (1-5,19)						
Return on assets	%	15.0	31.1	16.0	16.0	14.0
Return on operating assets	%	14.5	32.7	16.5	16.0	14.0
Operating sales margin	%	16.0	35.6	21.3	17.8	18.7
Return on equity	%	29.6	80.7	23.8	28.5	15.4
Dividend to equity ratio (6)	%	30.2	57.0	22.3	25.5	12.9
Dividend payout ratio (6)	%	101.8	70.7	93.6	89.5	83.8
Debt to equity	%	258.4	128.4	143.2	105.4	39.9
Total liabilities to equity	%	344.5	174.3	216.8	192.7	75.0
Current ratio	%	73.3	83.1	54.8	54.1	56.7
Interest cover	%	180.5	470.1	322.2	519.3	568.9
Cost recovery ratio	%	120.7	132.5	132.4	124.3	123.1
Operational performance	%	15.6	19.2	18.9	17.5	14.0

Non-financial Ratios**GENERAL****Economic Factors**

Total factor productivity	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Economic rate of return	%	n.p.	n.p.	n.p.	n.p.	n.p.

Efficiency

Load factor (10)	%	51.0	54.7	51.2	53.6	50.1
Energy delivered per employee:						
- distribution (11,14)	TJ/Emp	n.p.	n.p.	n.p.	52.9	73.2
- overall (7,11,14)	TJ/Emp	32.4	37.5	41.6	n.p.	n.p.
Total days lost:						
- industrial disputes	%	0.20	0.35	0.05	1.32	0.05
- sick leave	%	4.86	4.32	3.92	3.53	4.20
- industrial (including work care claims)	%	0.36	0.36	0.57	0.42	0.39
- overall	%	5.43	5.03	4.54	5.27	4.64

GASCOR (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
GENERAL (continued)						
Effectiveness						
Real price index: (15)						
- residential	Index	103.62	110.44	116.51	114.22	110.40
- commercial	Index	99.98	102.82	100.91	94.79	90.74
- industrial	Index	106.21	107.16	105.12	103.77	100.12
- contract (commercial)	Index	101.52	104.01	102.59	95.04	92.38
- contract (industrial)	Index	106.56	106.93	105.23	102.85	99.53
- overall average (all classes)	Index	102.99	109.03	109.90	108.63	105.85
Kilometres of main per employee:						
- distribution (14,17)	km/Emp	n.p.	n.p.	n.p.	7.15	9.55
- overall (7,14,17)	km/Emp	4.80	5.50	6.30	n.p.	n.p.
Methane loss between entry and exit points (9)						
	%	1.70	1.70	1.40	2.70	2.33
Size						
Total assets (18)	\$M	1 173	1 514	1 468	1 273	1 991
Total revenue (13)	\$M	1 063	1 168	1 102	1 225	1 219
Average total employment:						
- distribution (12,14,17)	Emp	n.p.	n.p.	n.p.	3295	2391
- overall (7,12,14,17)	Emp	4909	4326	3850	n.p.	n.p.
Gas storage facilities maintained:						
- distribution	'000m ³	n.p.	n.p.	n.p.	n.r.	n.r.
- overall (7)	'000m ³	13 000	13 000	13 000	n.r.	n.r.
Total km of mains operated:						
- distribution	km	n.p.	n.p.	n.p.	22 673	22 976
- overall (7)	km	23 664	24 089	24 438	n.r.	n.r.
Cost & Revenue Measures						
Operation & maintenance unit costs per GJ delivered:						
- distribution	\$/GJ	n.p.	n.p.	n.p.	1.50	1.46
- overall (7)	\$/GJ	1.55	1.47	1.27	n.p.	n.p.
Operation & maintenance unit costs per GJ sold:						
- distribution	\$/GJ	n.p.	n.p.	n.p.	1.5	1.5
- overall (7)	\$/GJ	2.0	1.9	1.6	n.p.	n.p.
Safety						
Lost time injury frequency rate	No. per mill. hrs	19.8	13.2	5.4	4.8	3.2

GASCOR (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>DISTRIBUTION</i>						
<i>Efficiency</i>						
Customers per employee (14,17)	Cus	251	291	334	400	564
Gas sales per employee: (17)						
- distribution	TJ/Emp	n.p.	n.p.	n.p.	52.9	73.2
- overall (7)	TJ/Emp	32.4	37.5	41.6	n.p.	n.p.
Reliability: (16,18)						
- unplanned customer interruptions per 1000 customers	1/1000	1.4	0.9	1.6	1.2	2.1
- length of customer interruptions	Sec/Cus	93.8	17.3	349.5	60.0	384
Telephone response times:						
- calls answered within 20 seconds	%	64.1	82.1	83.8	83.8	82.8
- calls abandoned	%	5.4	5.7	2.0	2.6	2.9
<i>Effectiveness</i>						
Customers per kilometre of main (8)	Cus/km	52.3	52.7	53.0	55.9	59.1
Gas sold per kilometre of main (8)	TJ/km	6.7	6.8	6.6	7.4	7.7
Unaccounted for gas	%	1.7	1.7	1.4	2.7	2.3
<i>Size</i>						
Total customers: (17)						
- residential	No	1191959	1218972	1247689	1277410	1307432
- commercial	No	33 315	34 006	34 715	35 506	36 752
- industrial	No	4 580	4 432	4 299	4 234	4 219
- contract (commercial)	No	142	141	135	133	136
- contract (industrial)	No	407	394	386	393	401
- contract (large industrial)	No	n.p.	n.p.	n.p.	n.p.	n.p.
- overall (all classes)	No	1229854	1257410	1286702	1317150	1348402
Peak day delivery	TJ/Day	854	813	857	891	958
Total gas sales:						
- residential	\$M	535	592	618	692	710
- commercial	\$M	109	116	118	132	138
- industrial	\$M	265	271	271	288	280
- contract (commercial)	\$M	20	19	21	26	29
- contract (industrial)	\$M	224	227	225	242	238
- contract (large industrial)	\$M	n.p.	n.p.	n.p.	n.p.	n.p.
- total	\$M	908	979	1 005	1 112	1 128

GASCOR (continued)

	<i>Units</i>	<i>1991–92</i>	<i>1992–93</i>	<i>1993–94</i>	<i>1994–95</i>	<i>1995–96</i>
<i>DISTRIBUTION (continued)</i>						
<i>Cost & Revenue Measures</i>						
Average price of product						
- residential	\$/GJ	7.8	8.4	9.1	9.1	9.2
- commercial	\$/GJ	6.4	6.6	6.6	6.4	6.4
- industrial	\$/GJ	3.6	3.6	3.6	3.7	3.7
- contract (commercial)	\$/GJ	3.6	3.7	3.7	3.6	3.6
- contract (industrial)	\$/GJ	3.4	3.4	3.4	3.4	3.5
- contract (large industrial)	\$/GJ	n.p.	n.p.	n.p.	n.p.	n.p.
- overall average (all classes)	\$/GJ	5.7	6.1	6.3	6.4	6.5
Operating and maintenance costs per customer (17)	\$/Cus	259	241	203	199	194

NOTES TO INDICATORS FOR GASCOR

Key: n.p. - not provided; n.r. - not relevant.

- 1) The statutory revenue-based levy called Public Authority Contribution (PAC) is included in order to achieve consistency with Profit Before Tax as shown in our Annual Report. PAC is included in Total Expenses and is as follows:

1990–91	\$242.659 million
1991–92	\$264.631 million
1992–93	\$287.252 million
1993–94	\$291.477 million
1994–95	\$321.934 million
1995–96	\$326.519 million
- 2) Total expenses have been revised. It now includes cost of sales as well as Public Authority Contributions but excludes extraordinary items.
- 3) The primary reason for the increase in Total Assets in 1995–96 is the revaluation of the gas distribution network. The net surplus on this revaluation of \$685 million has been transferred to the asset revaluation reserve, adding to total equity.
- 4) Audited financial data has been used for all financial indicators.
- 5) GASCOR was liable to pay State Equivalent Tax from 1993–94 and Wholesale Sales Tax Equivalent from 1 June 1995

GASCOR (continued)

NOTES TO INDICATORS FOR GASCOR (continued)

- 6) It should be noted that the 'Dividends Paid' is the amount actually transferred to provision accounts.
- 7) Where statistics are broken down into transmission and distribution components, the "overall" data relates to the combined transmission and distribution activities undertaken by Gas and Fuel prior to 1994–95. The historical data were not disaggregated into separate figures for transmission and distribution. The transmission component can no longer be provided because a separate entity, the Gas Transmission Corporation, now controls gas transmission functions. In this questionnaire, "overall" data cannot hereafter be provided.
- 8) 1994–95 and 1995–96 data reflects distribution only and does not compare with previous years which included transmission data.
- 9) A new method of assessing proportions of unaccounted for gas was undertaken in 1994–95. *Methane lost between entry and exit points* is taken to be the same as *Unaccounted For Gas*.
- 10) The Corporation's load factor is low compared to other utilities because the Victorian market has an exceptionally high domestic winter heating load.
- 11) Energy delivered is assumed to be gas sales.
- 12) The reduction in 1992–93 was due to restructuring. Subsequent reductions are due to downsizing and, in 1994–95, separation of transmission from distribution.
- 13) Does not include abnormal revenue.
- 14) Based on assumptions for FTEs for 1990–91 to 1992–93.
- 15) The base year for indicators which are measured in real terms or as an index is 1989–90.
- 16) 1995–96 was dominated by a single event in the Kew / Hawthorn area.
- 17) Year averages for customers, employees, and kilometres of main have been applied throughout.
- 18) The basis of calculation is changed for 1995–96 and comparisons with previous years are affected.

GASCOR (continued)

NOTES TO INDICATORS FOR GASCOR (continued)

19) GASCOR's asset valuation as per table below

<i>Category of asset</i>	<i>Method of valuation</i>	<i>Date of revaluation</i>	<i>Impact of revaluation</i>
Land and Buildings	Market valuation	June 1996	- \$ 1.944 million
Buildings	Historical	n.r.	n.r.
Gas Distribution Network	Optimised Depreciated Replacement Cost	June 1996	+ \$685.424 million
Plant & Equipment	Historical	n.r.	n.r.
Office Furniture & Equipmen	Historical	n.r.	n.r.
Motor Vehicles	Historical	n.r.	n.r.
Capital Work in Progress	Historical	n.r.	n.r.

GASCOR (continued)

NOTES TO INDICATORS FOR GASCOR (continued)

GAS TRANSMISSION CORPORATION**Victoria****Comments on own performance***Background*

The Gas Transmission Corporation (GTC) was established as a State-owned Corporation on 20 December 1994 following the proclamation of the *Gas Industry Act, 1994*. On its formation, GTC assumed responsibility for ownership and operation of the 2200 km natural gas transmission pipeline system throughout Victoria and the ownership and operation of liquefied natural gas storage and vaporisation facilities, all formerly owned by the Gas and Fuel Corporation of Victoria (GFCV).

Current Operations

GTC's major customer is the Victorian gas distribution corporation, GASCOR, for which GTC transports natural gas from Esso/BHP's Longford gas treatment plant supplied from the gas fields and Bass Strait, and from Cultus Resources Ltd's on shore gas treatment plant near Port Campbell supplied from its Otway Basin gas fields. GTC's other major customer is Generation Victoria, which uses gas for use in electricity generation at the Jeeralang and Newport power stations.

GTC's regulatory environment and therefore customer profile is expected to change significantly when open access is introduced to Victoria in the near future.

Performance

Comparison of GTC's financial indicators over the last two years is significantly distorted by the revaluation of assets recorded as at 30 June, 1996 (refer to footnotes). Excluding this effect, GTC improved profitability marginally through reducing operating costs while maintaining revenues.

GAS TRANSMISSION CORPORATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Financial Ratios						
Return on assets (1)	%	n.r.	n.r.	n.r.	29.0	17.1
Return on operating assets (1)	%	n.r.	n.r.	n.r.	29.0	17.1
Operating sales margin	%	n.r.	n.r.	n.r.	66.3	69.4
Return on equity (1,2)	%	n.r.	n.r.	n.r.	279.8	15.1
Dividend to equity ratio (1,2)	%	n.r.	n.r.	n.r.	139.9	7.5
Dividend payout ratio	%	n.r.	n.r.	n.r.	50.0	49.9
Debt to equity (1)	%	n.r.	n.r.	n.r.	1 835.8	41.6
Total liabilities to equity (1)	%	n.r.	n.r.	n.r.	2 332.0	53.5
Current ratio	%	n.r.	n.r.	n.r.	15.9	18.9
Interest cover	%	n.r.	n.r.	n.r.	259.6	296.9
Cost recovery ratio	%	n.r.	n.r.	n.r.	329.7	326.8
Operational performance	%	n.r.	n.r.	n.r.	30.1	17.1

Non-financial Ratios**GENERAL****Economic Factors**

Total factor productivity	Index	n.r.	n.r.	n.r.	n.p.	n.p.
Economic rate of return	%	n.r.	n.r.	n.r.	n.p.	n.p.

Efficiency

Load factor	%	n.r.	n.r.	n.r.	51.0	51.0
Energy delivered per employee:						
- transmission	TJ/Emp	n.r.	n.r.	n.r.	1 494	1 674
Total days lost:						
- industrial disputes	%	n.r.	n.r.	n.r.	0.88	0.00
- sick leave	%	n.r.	n.r.	n.r.	2.70	1.95
- industrial (including work care claims)	%	n.r.	n.r.	n.r.	0.02	0.00
- overall	%	n.r.	n.r.	n.r.	3.60	1.95

GENERAL (continued)

GAS TRANSMISSION CORPORATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>Effectiveness</i>						
Real price index:						
- residential	Index	n.r.	n.r.	n.r.	n.r.	n.r.
- commercial	Index	n.r.	n.r.	n.r.	n.r.	n.r.
- industrial	Index	n.r.	n.r.	n.r.	n.r.	n.r.
- contract (commercial)	Index	n.r.	n.r.	n.r.	n.r.	n.r.
- contract (industrial)	Index	n.r.	n.r.	n.r.	n.r.	n.r.
- overall average (all classes)	Index	n.r.	n.r.	n.r.	n.r.	n.r.
Kilometres of main per employee:						
- transmission	km/Emp	n.r.	n.r.	n.r.	15.6	16.4
Methane loss between entry and exit points	%	n.r.	n.r.	n.r.	1.40	0
<i>Size</i>						
Total assets (3)	\$M	n.r.	n.r.	n.r.	219	552
Total revenue	\$M	n.r.	n.r.	n.r.	96	95
Average total employment:						
- transmission	Emp	n.r.	n.r.	n.r.	127	140
Gas storage facilities maintained:						
- transmission	'000m ³	n.r.	n.r.	n.r.	13 000	13 000
Total km of mains operated:						
- transmission	km	n.r.	n.r.	n.r.	2 200	2 200
<i>Cost & Revenue Measures</i>						
Operation & maintenance unit costs per GJ delivered:						
- transmission	\$/GJ	n.r.	n.r.	n.r.	0.3	0.2
Operation & maintenance unit costs per GJ sold						
- transmission	\$/GJ	n.r.	n.r.	n.r.	n.p.	0.2
<i>Safety</i>						
Lost time injury frequency rate	No. per mill. hrs	n.r.	n.r.	n.r.	10.3	7.3

TRANSMISSION

GAS TRANSMISSION CORPORATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>Efficiency</i>						
Additional demand capacity	%	n.r.	n.r.	n.r.	108.7	108.8
<i>Size</i>						
Compressor stations operated	No	n.r.	n.r.	n.r.	2	2
Peak day delivery	TJ/Day	n.r.	n.r.	n.r.	1 078	1 126
Total kilometres of pipeline operated	km	n.r.	n.r.	n.r.	2 200	2 200

NOTES TO INDICATORS FOR GAS TRANSMISSION CORPORATION

Key: n.p. - not provided: n.r. - not relevant.

- 1) Financial indicators outlined in the attached documents, including *return on assets* and *return on equity*, are distorted as a result of the significant revaluation of assets that was recorded as at 30 June 1996 (Revaluations amount to \$336 million)
- 2) GTC has been subject to state Equivalent Income tax from July 1994.
- 3) GTC revalued its Machinery, Plant & Equipment on 30 June 1996 using the Director's method of valuation.

ALINTAGAS

Western Australia

Comments on own performance

AlintaGas is the major transporter, supplier and distributor of natural gas in Western Australia. It services some 367 000 residential, business and industrial customers in an increasingly competitive market due to deregulation. Tariff prices have not increased since 1991.

AlintaGas is concerned with the transmission and distribution of gas in Perth and four regional centres. Natural gas is transported through AlintaGas' 1500 kilometre pipeline from the North West to the populous South West of the State. Access to this transmission line is available at transparent prices to gas shippers and capacity has been granted to six shippers. Gas is now supplied direct by gas producers to Alcoa, Western Power and to Hamersley Iron and Robe River in the Pilbara.

Financial performance

Because of the change of the business effective from 1 January 1995, previous years financial data does not reflect the present business. Significant financial aspects for the 1995-96 year are:

- corporate financial targets were surpassed;
- although debt repayments during the year were above budget, a high debt to equity ratio is carried;
- the largest item of expense was interest payments;
- the capital works program for the year was entirely internally funded; and
- AlintaGas is required to pay equivalent taxes including company income tax each year to the State Government.

Non-financial performance

Separate data is provided where possible for the transmission business and for the distribution business. Close control over staff numbers has ensured a high labour productivity ratio in both the transmission and distribution business. Credible performance was achieved against targets for safety, the environment, customer service standards, customer satisfaction and productivity. A serious break to the distribution system caused by accidental damage by an external party impacted on the reliability measures during the period.

ALINTAGAS (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Financial Ratios (1, 4)						
Return on assets (3)	%	n.r.	n.r.	n.r.	9.2	10.1
Return on operating assets (3)	%	n.r.	n.r.	n.r.	9.0	10.0
Operating sales margin	%	n.r.	n.r.	n.r.	34.9	34.4
Return on equity (3)	%	n.r.	n.r.	n.r.	3.4	12.9
Dividend to equity ratio	%	n.r.	n.r.	n.r.	0.0	0.0
Dividend payout ratio	%	n.r.	n.r.	n.r.	0.0	0.0
Debt to equity	%	n.r.	n.r.	n.r.	1 369.1	1 019.2
Total liabilities to equity	%	n.r.	n.r.	n.r.	1 417.4	1 090.9
Current ratio	%	n.r.	n.r.	n.r.	60.3	79.2
Interest cover	%	n.r.	n.r.	n.r.	102.1	117.6
Cost recovery ratio	%	n.r.	n.r.	n.r.	153.6	150.0
Operational performance (3)	%	n.r.	n.r.	n.r.	9.0	9.5

Non-financial Ratios**GENERAL****Economic Factors**

Total factor productivity	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Economic rate of return	%	n.p.	n.p.	n.p.	n.p.	n.p.

Efficiency

Load factor	%	72.00	67.00	81.00	81.48	n.r.
Energy delivered per employee:						
- transmission	TJ/Emp	n.p.	n.p.	n.p.	n.p.	986
- distribution	TJ/Emp	n.p.	n.p.	n.p.	117	119
- overall	TJ/Emp	222	231	265	316	300
Total days lost:						
- industrial disputes	%	0.14	0.12	0.06	0.05	0.10
- sick leave	%	2.00	1.96	1.91	1.16	1.63
- industrial (including work care claims)	%	0.35	0.12	0.11	0.28	0.03
- overall	%	2.49	2.20	2.08	1.49	1.76

GENERAL (continued)

ALINTAGAS (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>Effectiveness</i>						
Real price index:						
- residential	Index	105.90	104.10	101.90	100.80	94.14
- commercial	Index	96.90	104.10	94.50	n.r.	n.p.
- industrial	Index	n.p.	n.p.	n.p.	n.p.	n.p.
- contract (commercial)	Index	n.p.	n.p.	n.p.	n.p.	n.p.
- contract (industrial)	Index	n.p.	n.p.	n.p.	n.p.	n.p.
- overall average (all classes)	Index	101.30	107.90	98.90	n.r.	n.r.
Kilometres of main per employee:						
- transmission	km/Emp	n.p.	n.p.	n.p.	10.84	10.84
- distribution	km/Emp	n.p.	n.p.	n.p.	23.13	23.82
- overall	km/Emp	13.80	15.00	15.50	19.38	19.92
Methane loss between entry and exit points	%	n.p.	n.p.	n.p.	n.p.	n.p.
<i>Size</i>						
Total assets (4)	\$M	n.r.	n.r.	n.r.	1 548	1 470
Total revenue	\$M	n.r.	n.r.	n.r.	201	438
Average total employment: (2)						
- transmission	No	129	138	147	173	173
- distribution	No	514	469	458	405	403
- overall	No	643	607	605	578	576
Gas storage facilities maintained:						
- transmission	'000m ³	0	0	0	0	0
- distribution	'000m ³	0	0	0	0	0
- overall	'000m ³	0	0	0	0	0
Total km of mains operated:						
- transmission	km	1 833	1 833	1 833	1 876	1 876
- distribution	km	8 842	9 102	9 400	9 368	9 586
- overall	km	10 675	10 935	11 233	11 244	11 462
<i>Cost & Revenue Measures</i>						
Operation & maintenance unit costs per GJ delivered:						
- transmission	\$/GJ	n.p.	n.p.	n.p.	n.r.	n.r.
- distribution	\$/GJ	n.p.	n.p.	n.p.	n.r.	n.r.
- overall	\$/GJ	n.p.	n.p.	n.p.	n.r.	n.r.

GENERAL (continued)

ALINTAGAS (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>Cost & Revenue Measures (cont.)</i>						
Operation & maintenance unit costs per GJ sold:						
- transmission	\$/GJ	n.p.	n.p.	n.p.	n.r.	n.r.
- distribution	\$/GJ	n.p.	n.p.	n.p.	n.r.	n.r.
- overall	\$/GJ	n.p.	n.p.	n.p.	n.r.	n.r.
<i>Safety</i>						
Lost time injury frequency rate	No per mill. hrs	35.0	19.0	18.2	12.0	7.2
<i>TRANSMISSION</i>						
<i>Efficiency</i>						
Additional demand capacity	%	97	99	97	102	104
<i>Size</i>						
Compressor stations operated	No	8	8	8	8	8
Peak day delivery	TJ/Day	478	493	485	509	493
Total kilometres of pipeline operated	km	1 833	1 833	1 833	1 876	1 876
<i>DISTRIBUTION</i>						
<i>Efficiency</i>						
Customers per employee	Cus	424	481	519	585	611
Gas sales per employee						
- distribution	TJ/Emp	n.p.	n.p.	n.p.	117	119
Reliability:						
- unplanned customer interruptions per 1000 customers	1/1000	n.p.	1.5	4.0	28.0	5.0
- length of customer interruptions	Sec/Cus	9	8	18	41	372
Telephone response times:						
- calls answered within 20 seconds	%	n.p.	n.p.	n.p.	52.2	74.0
- calls abandoned	%	n.p.	n.p.	n.p.	6.0	n.p.

DISTRIBUTION (continued)

ALINTAGAS (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>Effectiveness</i>						
Customers per kilometre of main	Cus/km	30.8	32.1	33.5	36.1	38.3
Gas sold per kilometre of main	TJ/km	n.r.	n.r.	n.r.	5.1	5.0
Unaccounted for gas	%	0.4	0.3	0.9	n.r.	n.r.
<i>Size</i>						
Total customers:						
- residential	No	274 000	295 374	320 361	342 855	360 521
- commercial	No	7 100	7 657	6 187	6 320	6 485
- industrial	No	n.p.	n.p.	n.p.	234	236
Total customers:						
- contract (commercial)	No	n.p.	n.p.	n.p.	n.p.	n.p.
- contract (industrial)	No	n.p.	n.p.	n.p.	n.p.	n.p.
- contract (large industrial)	No	n.p.	n.p.	n.p.	n.p.	n.p.
- overall (all classes)	No	281 100	303 031	326 548	349 409	367 242
Peak day delivery	TJ/Day	478	493	485	509	493
Total gas sales:						
- residential	\$M	73	82	84	38	n.p.
- commercial	\$M	432	460	449	10	n.p.
- industrial	\$M	n.p.	n.p.	n.p.	73	n.p.
- contract (commercial)	\$M	n.p.	n.p.	n.p.	n.p.	n.p.
- contract (industrial)	\$M	n.p.	n.p.	n.p.	n.p.	n.p.
- contract (large industrial)	\$M	n.p.	n.p.	n.p.	n.p.	n.p.
<i>Cost & Revenue Measures</i>						
Average price of product						
- residential	\$/GJ	14.8	14.6	14.6	14.9	14.5
- commercial	\$/GJ	3.9	4.2	3.9	n.r.	15.2
- industrial	\$/GJ	n.p.	n.p.	n.p.	3.6	n.p.
- contract (commercial)	\$/GJ	n.p.	n.p.	n.p.	n.p.	n.p.
- contract (industrial)	\$/GJ	n.p.	n.p.	n.p.	n.p.	n.p.
- contract (large industrial)	\$/GJ	n.p.	n.p.	n.p.	n.p.	n.p.
Average price of product						
- overall average (all classes)	\$/GJ	4.4	4.7	4.4	n.r.	n.r.
Operating and maintenance costs per customer	\$/Cus	n.p.	n.p.	n.p.	n.r.	n.r.

ALINTAGAS (continued)

NOTES TO INDICATORS FOR ALINTAGAS

Key: n.p. - not provided; n.r. - not relevant.

- 1) AlintaGas commenced business on 1 January 1995. Previous years data relates to the gas business of SECWA. Regulatory functions are now managed by the Office of Energy
- 2) For 1994–95 data, the number of employees at 30 June 1995 has been used.
- 3) AlintaGas commenced business on 1 January 1995. The 1994–95 result has been annualised.
- 4) AlintaGas' fixed assets are valued at historical cost.

3 WATER, SEWERAGE, DRAINAGE AND IRRIGATION

Gosford City Council (NSW)	145
Hunter Water Corporation (NSW)	149
Sydney Water Corporation (NSW)	153
Wyong Shire Council (NSW)	161
Barwon Water (Vic)	167
City West Water (Vic)	171
Melbourne Water Corporation (Vic)	175
South East Water (Vic)	179
Yarra Valley Water (Vic)	183
Brisbane City Council (Qld)	189
Department of Natural Resources, State Water Projects (Qld)	195
Gold Coast Water (Qld)	201
South Australian Water Corporation (SA)	205
Water Corporation (WA)	215
Hobart Regional Water Board (Tas)	229
North West Regional Water Authority (Tas)	235
Rivers and Water Supply Commission, North Esk (Tas)	241
Power and Water Authority (NT)	245
ACTEW Corporation (ACT)	255

GOSFORD CITY COUNCIL**New South Wales****Comments on own performance**

Gosford City Council is a multi-purpose local government organisation which provides water and sewerage services to its local government area as well as other traditional local government services such as transport facilities, community facilities, drainage, parks, reserves, etc. The water and sewerage activities are carried out under the provisions of the *Water Supply Authorities Act 1987* and the Council operates a joint water supply headworks infrastructure with the adjacent Wyong Council under the coordination of a Joint Water Supply Committee. The Committee contains representatives of both staff and elected members of each Council.

Current operations

Gosford City Council currently provides approximately 130 000 residents with water and sewerage services. Regulations and operating environment are similar to most New South Wales multi-purpose local government councils, however the operations are carried out under the Water Supply Authorities Act and there is regulation by the Independent Pricing and Regulatory Tribunal (IPART). Gosford City Council is a general purpose authority, with its water supply and sewerage operations operated and reported on as a separate entity. The Council as a general purpose authority has the power to effectively manage environmental issues in accordance with total catchment management principles.

Performance

Gosford City Council is subject to price control by the IPART. The IPART recently handed down a medium term determination, setting guidelines for a three year pricing path commencing 1 July 1996. Gosford City Council has adopted cost-effective water and sewerage charges to reflect resources consumed by various customer bases. As a result, significant progress has been made towards the elimination of pricing anomalies. Prices have fallen as a result of improved efficiency and reduced financing costs.

Council has continued to perform with merit in the delivery of water and sewerage services and water quality and waste water standards have been met on a continuing basis. Council has continued to provide increased levels of service without increasing staff numbers in an area of relatively high population growth. Recurrent costs have been maintained at a consistent level despite the increase in population serviced and provision for leave increases for staff in 1995–96.

The Council continues to support review of workplace practices and implementation of changes which result in improved performance and enhanced levels of services or reduced cost of services to its customers/shareholders.

GOSFORD CITY COUNCIL (continued)

	<i>Units</i>	<i>1992</i>	<i>1993</i>	<i>1994 (1)</i>	<i>1994-95</i>	<i>1995-96</i>
Financial Ratios (2, 3)						
Return on assets	%	8.0	4.2	n.p.	4.3	4.3
Return on operating assets	%	8.1	4.0	n.p.	4.2	4.2
Operating sales margin	%	39.6	20.7	n.p.	36.4	39.7
Return on equity	%	3.9	- 0.2	n.p.	2.6	3.0
Dividend to equity ratio	%	0.0	0.0	n.p.	0.0	0.0
Dividend payout ratio	%	0.0	0.0	n.p.	0.0	0.0
Debt to equity	%	83.9	79.7	n.p.	34.9	28.0
Total liabilities to equity	%	88.1	83.4	n.p.	36.7	29.6
Current ratio	%	186.9	182.6	n.p.	220.4	228.3
Interest cover	%	134.4	97.7	n.p.	178.8	212.3
Cost recovery ratio	%	165.5	183.2	n.p.	157.2	165.7
Operational performance	%	8.1	8.7	n.p.	4.2	4.2
Non-financial Ratios						
<i>Economic Factors</i>						
Total factor productivity	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Economic rate of return	%	n.p.	n.p.	n.p.	n.p.	n.p.
<i>Efficiency</i>						
System water loss (as % of total volume supplied)	%	7.2	9.9	n.p.	n.p.	9.2
OMA cost per 100km of main						
- water	\$'000/ 100km	938	805	n.p.	960	901
- sewerage	\$'000/ 100km	753	693	n.p.	664	724
- drainage	\$'000/ 100km	n.p.	n.p.	n.p.	n.p.	n.p.
Employees per 1000 properties served	Emp/ '000Prop	3.80	3.60	n.p.	3.60	3.12
Total days lost	%	0.00	0.00	0.00	0.00	0.00
<i>Effectiveness</i>						
Real price index	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Real price movement:						
- residential	Index	n.p.	n.p.	n.p.	n.p.	n.p.
- commercial	Index	n.p.	n.p.	n.p.	n.p.	n.p.
- industrial	Index	n.p.	n.p.	n.p.	n.p.	n.p.

GOSFORD CITY COUNCIL (continued)

	<i>Units</i>	<i>1992</i>	<i>1993</i>	<i>1994 (1)</i>	<i>1994-95</i>	<i>1995-96</i>
<i>Effectiveness (continued)</i>						
Properties served per km of main:						
- water	No/km	68.0	63.0	n.p.	n.p.	68.2
- sewerage	No/km	45.0	49.0	n.p.	n.p.	44.5
- drainage	No/km	n.p.	n.p.	n.p.	n.p.	n.p.
Unsewered properties (% of total properties)	%	n.p.	n.p.	n.p.	n.p.	5.5
Flooding incidents per 100 km of main (sewers)	No/100km	19.0	59.0	n.p.	n.p.	54.6
<i>Service Quality</i>						
Compliance with sewerage effluent standards	%	100.0	100.0	n.p.	100.0	100.0
Compliance with water quality standards	%	100.0	100.0	n.p.	100.0	100.0
Water restrictions	%	0.0	0.0	0.0	0.0	0.0
Properties with service interruption	%	8.9	n.p.	n.p.	n.p.	0.4
Average interruption duration	Hr	n.p.	n.p.	n.p.	n.p.	n.p.
Service restored within 5 hours	%	n.p.	n.p.	n.p.	n.p.	99.8
Customer satisfaction results	%	n.p.	n.p.	n.p.	n.p.	n.p.
Main breaks per 100 km (water)	No/100km	27.0	19.3	n.p.	0.1	30.0
Sewer chokes per 100 km	No/100km	61.4	121.0	n.p.	91.5	66.9
<i>Size</i>						
Total assets (2)	\$M	342	330	n.p.	479	501
Total revenue	\$M	66	61	n.p.	54	50
Total employment (4)	No	213	215	223	223	192
Pipeline length						
- water	km	815	887	n.p.	896	901
- sewerage	km	1 200	1 223	n.p.	1 284	1 305
- drainage	km	n.p.	n.p.	n.p.	n.p.	n.p.
Properties served						
- water	'000	55	57	n.p.	58	61
- sewerage	'000	51	57	n.p.	57	58
- drainage	'000	n.p.	n.p.	n.p.	n.p.	n.p.
New housing allotments served	No	1 187	n.p.	n.p.	n.p.	1 274
Megalitres of water supplied	'000MI	21	15	n.p.	17	16
Volume of sewage treated	'000MI	13	11	n.p.	13	13

Size (continued)

GOSFORD CITY COUNCIL (continued)

	<i>Units</i>	<i>1992</i>	<i>1993</i>	<i>1994 (1)</i>	<i>1994-95</i>	<i>1995-96</i>
Sewage treatment ratios						
- primary	%	100.0	100.0	n.p.	100.0	100.0
- secondary	%	100.0	100.0	n.p.	100.0	100.0
- tertiary	%	0.0	0.0	n.p.	0.0	0.0
<i>Cost & Revenue Measures</i>						
Average revenue received per property:						
- water	\$/Prop	261	201	n.p.	n.p.	225
- sewerage	\$/Prop	542	494	n.p.	553	448
- drainage	\$/Prop	n.p.	n.p.	n.p.	n.p.	n.p.
Average revenue per kl:						
- residential		n.p.	n.p.	n.p.	n.p.	n.p.
- commercial	\$/kl	n.p.	n.p.	n.p.	n.p.	n.p.
- industrial	\$/kl	n.p.	n.p.	n.p.	n.p.	n.p.
- other	\$/kl	n.p.	n.p.	n.p.	n.p.	n.p.
- total	\$/kl	n.p.	n.p.	n.p.	n.p.	n.p.
OMA costs per property served:						
- water	\$/Prop	137	126	n.p.	150	132
- sewerage	\$/Prop	168	140	n.p.	156	162
- drainage	\$/Prop	n.p.	n.p.	n.p.	n.p.	n.p.

NOTES TO INDICATORS FOR GOSFORD CITY COUNCIL WATER AND SEWERAGE PROGRAMS

Key: n.p. - not provided; n.r. - not relevant.

- 1) 1994 figures based on half year results ending 30 June 1994.
- 2) The 1994-95 Annual Statements contained additional information regarding the replacement cost of system assets. A full revaluation of Water and Sewerage system assets was completed for the 1995-96 Annual Statements. Future revaluations are to be carried out every five years to comply with the Local Government Asset Accounting Practice.
- 3) Council subsidises pensioners for both their water and sewerage charges, and receives a 50 per cent CSO re-imburement from the State Government.
- 4) Previous year staff numbers included internal support services staff, however due to a structural re-organisation of Water and Sewerage systems, they are now considered external to water and sewerage businesses, and are not reported as staff members.

HUNTER WATER CORPORATION**New South Wales****Comments on own performance**

The Hunter Water Corporation now supplies water, waste water and drainage services to nearly half a million people living in the Lower Hunter Valley. The customer base is approximately 94 per cent residential, five per cent commercial and one per cent industrial. Its charter is to be commercially successful while delivering value for money water, waste water and associated services in an environmentally responsible manner.

Corporatisation has given Hunter Water clear lines of responsibility and empowers the organisation to pursue commercial objectives while being held accountable for its actions within the defined framework of its Operating Licence, Statement of Corporate Intent and Customer Charter.

The provision of water and waste water services is a highly capital intensive operation involving assets with a replacement value of \$1.9 billion. Since 1982 Hunter Water has been following a process of demand management through 'user pays' price reform. This has significantly reduced water use. Hunter households now use over 30 per cent less water, only 201 kilolitres per annum, which is considerably less than elsewhere in Australia. This reduction has permitted the deferment of major capital expenditure, and has enabled the reduction of a backlog of sewerage services, and an increased emphasis on the quality of service provided and environmental improvement works.

At the same time outstanding debt has been reduced. The cost of financing the large asset base is 6 per cent of recurrent income. Full current cost depreciation provisions of 25 per cent of recurrent income have been introduced to ensure ongoing asset renewal. Significant improvements in operational efficiencies also have been achieved. The number of employees required per property has fallen by over 35 per cent since 1991–92 and overall operations, maintenance and administration costs per property served have been reduced by 29 per cent in real terms over the same four year period. Prices have consequently been able to fall by 25 per cent since 1991–92.

Corporatisation encourages further gains in efficiency, and higher returns to the State as owner, and will establish a clear commercial objective for the Corporation, with community service obligations clearly identified and funded by the Government.

HUNTER WATER CORPORATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Financial Ratios						
Return on assets (1)	%	2.7	2.4	2.2	1.8	2.2
Return on operating assets	%	2.0	2.0	2.0	1.6	2.0
Operating sales margin	%	24.2	24.2	24.4	20.7	27.7
Return on equity (2)	%	0.9	0.1	0.3	0.4	1.0
Dividend to equity ratio	%	0.6	0.8	0.9	1.2	1.8
Dividend payout ratio (2)	%	69.3	1 052.6	257.7	329.7	178.1
Debt to equity	%	14.4	11.7	10.7	5.6	4.8
Total liabilities to equity	%	22.2	17.3	16.2	9.8	10.2
Current ratio	%	98.7	94.4	109.8	135.7	192.7
Interest cover	%	168.7	171.2	187.6	275.6	601.0
Cost recovery ratio	%	124.8	132.0	132.2	126.1	138.3
Operational performance	%	1.6	2.0	2.0	1.6	2.0
Non-financial Ratios						
<i>Economic Factors</i>						
Total factor productivity	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Economic rate of return	%	1.67	1.69	2.02	1.62	1.89
<i>Efficiency</i>						
System water loss	%	22.0	19.0	18.0	17.0	18.0
OMA cost per 100km of main:						
- water	\$'000/ 100km	1 045	881	841	885	868
- sewerage	\$'000/ 100km	759	736	687	622	609
- drainage	\$'000/ 100km	1 459	1 436	1 250	1 221	1 044
Employees per 1000 properties served	Emp/ '000Prop	6.25	5.65	4.96	4.37	4.03
Total days lost	%	4.00	3.60	3.70	3.90	3.25
<i>Effectiveness</i>						
Real price index	Index	93.00	92.00	86.00	81.00	76.15
Real price movement by customer group:						
- residential	Index	n.p.	n.p.	n.p.	n.p.	n.p.
- commercial	Index	n.p.	n.p.	n.p.	n.p.	n.p.
- industrial	Index	n.p.	n.p.	n.p.	n.p.	n.p.

HUNTER WATER CORPORATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>Effectiveness (continued)</i>						
Properties served per km of main:						
- water	No/km	43.2	43.6	44.0	44.9	45.3
- sewerage	No/km	45.4	45.6	45.4	46.3	45.8
- drainage	No/km	563.8	574.5	574.5	595.7	598.1
Unsewered properties (% of total properties)	%	14.1	11.0	10.0	8.0	7.0
Flooding incidents per 100 km of main (sewers)	No/100km	n.p.	n.p.	n.p.	n.p.	n.p.
<i>Service Quality</i>						
Compliance with sewerage effluent standards	%	96.7	97.9	99.5	99.9	100.0
Compliance with water quality standards	%	95.5	95.3	97.1	97.3	98.7
Water restrictions	%	17.0	0.0	0.0	8.5	0.0
Properties with service interruption	%	26.4	22.0	23.3	27.5	24.1
Average interruption duration	Hr	n.p.	n.p.	n.p.	n.p.	4.1
Service restored within 5 hours	%	n.p.	95.6	95.8	97.5	84.0
Customer satisfaction results	%	91.0	89.0	88.0	90.0	92.5
Main breaks per 100 km (water)	No/100km	43.0	38.7	46.6	49.3	44.3
Sewer chokes per 100 km	No/100km	175.1	144.5	171.9	170.6	120.5
<i>Size</i>						
Total assets (1)	\$M	1 739	1 705	1 675	1 675	1 972
Total revenue (3)	\$M	143	140	137	130	129
Total employment	No	1 021	934	822	770	720
Pipeline length:						
- water	km	3 936	3 965	4 015	4 052	4 081
- sewerage	km	3 215	3 373	3 499	3 604	3 753
- drainage	km	94	94	94	94	94
Properties served:						
- water	'000	170	173	177	182	185
- sewerage	'000	146	154	159	167	172
- drainage	'000	54	54	54	56	56
New housing allotments served	No	3 300	3 018	3 678	4 893	2 782
Megalitres of water supplied	'000MI	81	74	77	75	75
Volume of sewage treated	'000MI	36	38	39	43	41

Size (continued)

HUNTER WATER CORPORATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Sewage treatment ratios:						
- primary	%	46.0	3.0	0.0	0.0	1.5
- secondary	%	15.0	49.0	53.0	53.0	53.0
- tertiary	%	39.0	45.0	45.0	45.0	45.5
<i>Cost & Revenue Measures</i>						
Average revenue received per property:						
- water	\$/Prop	372	367	369	344	330
- sewerage	\$/Prop	353	332	301	260	258
- drainage	\$/Prop	41	41	41	40	42
Average revenue per kl:						
- residential	\$/kl	n.p.	2.28	2.25	2.31	2.35
- commercial	\$/kl	n.p.	2.37	1.88	1.29	1.26
- industrial	\$/kl	n.p.	0.98	0.93	0.85	0.81
- other	\$/kl	n.p.	2.63	2.30	2.93	3.82
- total	\$/kl	1.00	1.95	1.84	1.74	1.75
OMA costs per property served:						
- water	\$/Prop	242	202	191	197	191
- sewerage	\$/Prop	167	162	151	134	133
- drainage	\$/Prop	26	25	22	21	18

NOTES TO INDICATORS FOR HUNTER WATER CORPORATION

Key: n.p. - not provided; n.r. - not relevant.

- 1) Assets are valued at written down replacement cost. Estimates of current replacement values prior to 1990-91 have not been audited. A significant reassessment of the expected useful lives resulted in a revaluation of asset values upward by \$250m in 1996.
- 2) On 1 January 1992 Hunter Water became a State Owned Corporation, with a liability for income tax at the standard company rate.
- 3) The Community Service Obligations included in total revenue are dominated by rebates to pensioners. Receipts from the State Government for CSOs have been: 1991-92 \$4.559m, 1992-93 \$6.348m, 1993-94 \$7.111m, 1994-95 \$7.706m and 1995-96 \$8.047m.

SYDNEY WATER CORPORATION**New South Wales****Comments on own performance**

Since corporatisation in January 1995, Sydney Water has focussed on delivering its key objectives of being a successful business, protecting the environment and protecting public health. The Holding Company / Subsidiary model which Sydney Water has adopted is designed to concentrate on achieving these objectives and ultimately enhance the delivery of services to its customers.

Current Operations

Sydney Water Corporation Ltd, trading as Sydney Water, is an unlisted public company wholly owned by the people of New South Wales. It provides water and wastewater products and services within the Sydney, Illawarra and Blue Mountains areas to a market of over 3.75 million residential customers and 73 000 businesses. It has assets worth \$12 billion, employs about 5000 staff and has revenue exceeding \$1000 million per annum.

The Water Board (Corporatisation) Act, Operating Licence, Customer Contract and Statement of Corporate Intent provide a clear direction for Sydney Water. The context in which Sydney Water operates is an increasingly complex and dynamic one. In particular, the corporation has a number of important relationships with its regulators, including the EPA, Department of Health, Trade Practices Act, Corporation Law, IPART and the Sydney Water Licence Regulator.

Financial Performance

The general trend indicates improved financial performance. Although revenue was less than forecast (due to the ongoing impact of the drought and demand management strategies), this was more than offset by lower operating expenditure and higher income from asset sales and investments.

Contributions to higher profitability came from a review of asset lives of major sewage treatment plants resulting in reduced depreciation charges and the proceeds from the sale of the Prospect Lower Canal.

Non-Financial Performance

Efficiency of overall performance has continued to improve. Operations, Maintenance and Administration costs for water, sewerage and drainage have decreased. Over the last twelve months the number of employees required to serve 1000 properties has also fallen.

Whilst obtaining these efficiency improvements, all of the Corporation's regulatory requirements were achieved and improvements in system operations made (for example, a continued reduction in system water loss).

SYDNEY WATER CORPORATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Financial Ratios (1,2,15,16,17)						
Return on assets	%	3.1	2.2	2.5	2.2	2.6
Return on operating assets	%	2.7	2.0	2.5	2.0	2.3
Operating sales margin	%	27.2	22.3	27.9	21.0	26.8
Return on equity	%	1.8	0.6	1.1	0.6	0.6
Dividend to equity ratio (3)	%	1.5	0.3	0.5	0.5	0.4
Dividend payout ratio	%	83.3	50.0	40.3	88.2	59.5
Debt to equity	%	14.9	14.2	14.2	15.8	16.1
Total liabilities to equity	%	20.4	19.7	19.2	21.8	22.9
Current ratio	%	33.8	32.0	37.4	70.6	61.5
Interest cover	%	190.6	161.4	203.0	158.9	186.4
Cost recovery ratio	%	130.9	128.7	134.7	130.6	138.3
Operational performance	%	2.3	2.0	2.2	2.2	2.4
Non-financial Ratios						
<i>Economic Factors</i>						
Total factor productivity (4)	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Economic rate of return (5)	%	2.48	2.40	2.60	2.66	2.98
<i>Efficiency</i>						
System water loss	%	n.p.	21.0	20.0	16.8	16.7
OMA cost per 100km of main:						
- water	\$'000/ 100km	1 445	1 483	1 466	1 364	1 336
- sewerage	\$'000/ 100km	1 640	1 742	1 598	1 593	1 448
- drainage	\$'000/ 100km	2 630	1 491	1 661	2 988	2 963
Employees per 1000 properties served (6)	Emp/ '000 Prop	6.80	6.40	5.40	4.44	2.09
Total days lost	%	2.90	4.50	3.70	4.00	3.72
<i>Effectiveness</i>						
Real price index	Index	106.70	105.30	100.60	89.00	74.10
Real price movement by customer group:						
- residential	Index	97.90	98.50	100.70	98.80	86.60
- commercial	Index	117.40	113.10	98.80	72.00	57.30
- industrial	Index	107.50	104.40	91.00	69.80	55.60

SYDNEY WATER CORPORATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>Effectiveness (continued)</i>						
Properties served per km of main:						
- water	No/km	71.3	71.7	72.3	73.1	73.3
- sewerage	No/km	64.5	65.1	66.	66.4	67.2
- drainage	No/km	1028.	937.9	952.	1064.3	694.1
Unsewered properties (% of total properties)	%	4.5	4.3	3.8	3.7	3.7
Flooding incidents per 100 km of main (sewers) (7)	No/100km	n.p.	n.p.	n.p.	n.p.	n.p.
<i>Service Quality</i>						
Compliance with sewerage effluent standards (8)	%	99.00	97.00	98.40	n.p.	n.p.
Compliance with water quality standards (9)	%	93.00	89.00	95.00	90.00	96.85
Water restrictions	%	0.00	0.00	0.00	100.00	100
Properties with service interruption (10)	%	n.p.	n.p.	0.17	0.13	0.14
Average interruption duration (11)	Hr	n.p.	n.p.	n.p.	4.50	5.80
Service restored within 5 hours (12)	%	n.p.	n.p.	n.p.	92.00	94.78
Customer satisfaction results (13)	%	n.p.	n.p.	n.p.	n.p.	n.p.
Main breaks per 100 km (water)	No/100km	35.00	37.20	35.30	26.53	27.70
Sewer chokes per 100 km	No/100km	57.80	60.10	73.40	85.65	71.60
<i>Size</i>						
Total assets (1,15)	\$M	14 273	14 627	14 931	13 570	13 294
Total revenue	\$M	1 404	1 319	1 302	1 318	1 168
Total employment (14)	No	9 142	8 629	7 326	5 965	5 080
Pipeline length:						
- water	km	20 295	20 413	20 561	20 686	21 020
- sewerage	km	21 188	21 302	21 448	21 676	21 840
- drainage	km	321	354	354	354	510
Properties served:						
- water	'000	1 431	1 448	1 471	1 495	1 523
- sewerage	'000	1 367	1 387	1 416	1 440	1 467
- drainage	'000	330	332	337	344	354
New housing allotments served	No	7 900	8 068	8 100	8 956	24 202
Megalitres of water supplied	'000MI	634	595	625	569	551
Volume of sewage treated	'000MI	482	466	437	426	457

SYDNEY WATER CORPORATION (continued)

	<i>Units</i>	<i>1991–92</i>	<i>1992–93</i>	<i>1993–94</i>	<i>1994–95</i>	<i>1995–96</i>
Size (continued)						
Sewage treatment ratios:						
- primary	%	82.00	81.80	83.10	83.00	83.00
- secondary	%	4.00	4.20	3.90	4.00	4.00
- tertiary	%	14.00	14.00	13.00	13.00	13.00
Cost & Revenue Measures						
Average revenue received per property:						
- water	\$/Prop	352	347.1	361.7	345.48	282.8
- sewerage	\$/Prop	529	532.6	481.8	417.23	396.4
- drainage	\$/Prop	71	71.5	63.2	60.33	56.04
Average revenue per kl:						
- residential	\$/kl	1.95	2.14	2.14	2.26	2.23
- commercial	\$/kl	6.74	6.81	5.83	4.71	3.98
- industrial	\$/kl	2.81	3.02	2.71	2.32	2.15
- other	\$/kl	1.53	1.71	1.55	1.49	1.48
- total	\$/kl	2.44	2.65	2.49	2.41	2.31
OMA costs per property served:						
- water	\$/Prop	205	209	205	189	185
- sewerage	\$/Prop	254	268	242	240	216
- drainage	\$/Prop	26	16	17	31	43

NOTES TO INDICATORS FOR SYDNEY WATER CORPORATION

Key: n.p. - not provided; n.r. - not relevant.

- 1) Audited data has been used for 1995–96 for all financial indicators.
- 2) The system assets are valued at written down current replacement cost, based on estimates of modern engineering equivalent replacement asset values.
- 3) This indicator was affected by a special dividend of \$100 million in 1991–92.
- 4) This indicator is not calculated by Sydney Water, as it is currently deemed less of a priority than other economical measurement and reporting parameters.

SYDNEY WATER CORPORATION (continued)

NOTES TO INDICATORS FOR SYDNEY WATER CORPORATION (continued)

- 5) This indicator is calculated by the definition used for economic rate of return in the WSAA *1990/91 to 1995/96 Inter-Business Performance Review Questionnaire*:
- Economic Real Rate of Return = { revenue from operations - (replacement cost depreciation + operations, maintenance and administration costs) } / written down value of operational assets
- 6) Number of employees given by total number of in-house FTEs, that is, AWT Pty Ltd staff are excluded. Figures from previous years incorporated AWT staff numbers. Number of properties is based on properties supplied with a water service.
- 7) Current reporting systems are unable to provide reliable data.
- 8) Sydney Water's licensing regime no longer permits reporting as a single percentage figure. Reports are detailed and made on each license. Each treatment plant has an Effluent Quality Limit condition which is comprised of several parameters. The number, nature and frequency of sampling of these parameters varies with treatment plant location and type.
- For the 1995–96 licence year, Inland Sewage Treatment Plants (STPs) had 21 effluent quality limit conditions, all of which were met. Ocean STPs had 13 effluent quality limit conditions, of which 12 were met. The one condition which was not met was at Shellharbour STP, where the NFR Three Day Geometric Mean limit was exceeded on one occasion in October 1995. Overall percent compliance with Effluent Quality Limit conditions is thus 97 per cent.
- Ocean STPs also had limits on Heptachlor and Chlordane which are considered Other Limit conditions. There were six occasions on which these limits were not met, but due to an active Source Control Programme (which is required by the deeming clauses present in these licences) these were not considered fineable breaches.
- 9) This figure is for bacteriological quality compliance. Physico-chemical quality compliance is 98.76 per cent.
- 10) Figures provided are for water service. Sewer figures are as follows: 0.07 per cent for 1994–95, 0.07 per cent for 1995–96. For sewer service interruptions the figures refer to the number of properties affected by a sewage surcharge (ie experiencing a surcharge on their land) for longer than 5 hours. A new sewer rebate policy (effective 1 January 1997) now determines what exactly a sewer service interruption is and this new definition will be used in compiling future figures.
- 11) Figures provided are for water service. Sewer figures are as follows: 2.0 hours for 1994–95, 2.18 hours for 1995–96.

SYDNEY WATER CORPORATION (continued)

NOTES TO INDICATORS FOR SYDNEY WATER CORPORATION (continued)

- 12) Figures provided are for sewer service. Water figures are as follows: 93.8 per cent for 1993–94, 52.6 per cent for 1994–95, 51.0 per cent for 1995–96.
- 13) Sydney Water collected residential customer satisfaction survey data in October / November 1993 relating to 1992–93. Overall performance was a mean rating of 5.6 out of 10.
- Sydney Water collected residential customer satisfaction survey data in August / September 1994 relating to 1993–94. Overall performance was a mean rating of 7.0 out of 10.
- Sydney Water collected customer satisfaction survey data in September 1995 relating to 1994–95. Overall performance was a mean rating of 7.2 out of 10 for residential customers and 7.4 out of 10 for commercial/industrial customers.
- Sydney Water collected customer satisfaction survey data in May 1996 from residential customers and in August 1996 from commercial/industrial customers, relating to 1995–96. Overall performance was a mean rating of 7.2 out of 10 for residential customers and 7.6 out of 10 for commercial/industrial customers.
- 14) Figures include AWT Pty Ltd staff numbers. In 1995–96, the total number of in-house FTEs (ie excluding AWT staff) was 3185.
- 15) Asset revaluations have not materially impacted on financial ratios. Marginal improvements in return on assets (replacement valued) would have resulted from a decrease in the value of System Assets.

<i>Category of asset</i>	<i>Method of valuation</i>	<i>Date of revaluation</i>	<i>Impact of revaluation</i>
System Assets	Replacement Cost (MEERA)	Ongoing	– \$432 634 000
Land & Buildings	Market Value	Ongoing	
Land Easements	Mass Appraisal (Registered Valuer)	Ongoing	+ \$1 363 000

- 16) Sydney Water Corporation is subject to notional company taxation in accordance with the *State Owned Corporations Act 1989*. A tax equivalent is payable to the NSW government through the Office of State Revenue.
- Tax liability is assessed according to the Tax Equivalent Regime of NSW Treasury, which adopts as far as practicable the *Income Tax Assessment Act*. Notional tax became payable in 1992–93. SWC is also liable for notional sales tax and notional land tax, which are recorded as operating expenses.

SYDNEY WATER CORPORATION (continued)

NOTES TO INDICATORS FOR SYDNEY WATER CORPORATION (continued)

17) Community service obligations:

<i>Category of CSO</i>	<i>Method of valuation</i>	<i>Source of funding</i>	<i>Year</i>	<i>Cost</i>
Pensioner Rate Rebates	Revenue Foregone	NSW State Budget	1995–96	\$43.770 m
Transitional Rate Rebates	Revenue Foregone	NSW State Budget	1995–96	\$14.540 m
Exempt Properties	Revenue Foregone	NSW State Budget	1995–96	\$9.040 m
Contributions to Environmental Trusts	Revenue Foregone	NSW State Budget	1995–96	\$10.938 m
Sewer Backlog Projects	Avoidable Cost	NSW State Budget	1995–96	\$3.676 m

SYDNEY WATER CORPORATION (continued)

NOTES TO INDICATORS FOR SYDNEY WATER CORPORATION (continued)

WYONG SHIRE COUNCIL**New South Wales****Comments on own performance**

The Central Coast encompasses the City of Gosford and Wyong Shire. It is considered to be one of the most rapidly developing areas in Australia and forms Sydney's second major growth area after Campbelltown.

Wyong Shire Council is a multi-purpose Local Government Authority and Water Supply Authority. Council became a Water Supply Authority in December 1987 having accepted an invitation from the New South Wales State Government to become an Authority and enjoy greater flexibility in operation provided by the *Water Supply Authorities Act 1987*.

The Water Supply Authorities Act provides a modern legislative base and greater flexibility to Council in the management of water and sewerage facilities. State Government Subsidy Schemes, as part of the Country Towns Water Supply and Sewerage Program are accommodated by an agreement between Council and the Minister for Public Works under the Local Government Act.

All raising of revenue, operation, maintenance and management of the water supply and sewerage undertakings including any requirements on developers to contribute to the cost of the works provided to service them are administered under the *Water Supply Authorities Act 1987*.

Water and sewerage services are provided to a population of approximately 118 000 of which a significant proportion are retired. Current growth rate is 3–4 per cent per annum. As the area is also a major tourist destination the Shire population increases to over 200 000 in holiday periods. This imposes an additional load on water and sewer facilities.

Wyong Shire Council operating as its own water supply authority is responsible for the operation, maintenance and construction of the Shire's water supply and sewerage system. Sewerage service is now available to all but a handful of properties within the Shire, removing the need for septic systems to be installed in urban areas.

Council continues to meet all water quality parameters required by the Australian National Health and Medical Research Council (NHMRC). It also fully complies with EPA licences for effluent discharges from both Norah Head and Bateau Bay outfalls.

The Shire's water supply and sewerage system is relatively new with most of its infrastructure being less than 30 years old. The system has a replacement value of approximately \$563 million.

A formal agreement known as the Gosford/Wyong Joint Water Supply Agreement exists between Wyong Shire Council and Gosford City Council. This agreement provides for the construction, operation, maintenance, use and cost sharing of the joint water supply system which provides water resources to the Central Coast.

WYONG SHIRE COUNCIL (continued)

	<i>Units</i>	<i>1992 (1)</i>	<i>1993 (1)</i>	<i>1994 (2)</i>	<i>1994-95</i>	<i>1995-96</i>
Financial Ratios - water						
Return on assets (3)	%	5.6	9.3	4.4	5.0	2.5
Return on operating assets	%	5.1	9.1	4.6	6.5	2.4
Operating sales margin	%	36.2	48.8	49.9	47.1	27.7
Return on equity (4)	%	2.8	4.8	4.3	6.2	1.9
Dividend to equity ratio	%	0.0	0.0	0.0	0.0	0.0
Dividend payout ratio (4)	%	0.0	0.0	0.0	0.0	0.0
Debt to equity	%	35.2	32.0	26.1	10.3	8.9
Total liabilities to equity	%	36.4	0.0	0.0	0.0	0.0
Current ratio	%	128.9	147.2	184.4	133.5	113.2
Interest cover	%	154.5	161.7	378.3	544.6	326.6
Cost recovery ratio	%	148.8	174.3	181.4	185.8	130.0
Operational performance	%	4.4	7.1	3.7	6.3	1.9
Financial Ratios - sewerage						
Return on assets (3)	%	7.7	9.3	4.7	4.7	3.4
Return on operating assets	%	7.4	9.0	4.7	4.7	3.3
Operating sales margin	%	47.1	52.9	52.9	38.2	35.2
Return on equity (4)	%	3.0	-0.5	3.7	3.4	2.3
Dividend to equity ratio	%	0.0	0.0	0.0	0.0	0.0
Dividend payout ratio (4)	%	0.0	0.0	0.0	0.0	0.0
Debt to equity	%	62.1	63.8	51.1	23.2	19.5
Total liabilities to equity	%	65.7	66.4	53.4	24.8	21.6
Current ratio	%	93.6	38.3	57.1	63.6	84.2
Interest cover	%	129.6	97.0	198.1	217.5	220.9
Cost recovery ratio	%	181.3	198.8	206.9	157.5	149.2
Operational performance	%	6.7	7.9	4.5	4.3	3.0
Non-financial Ratios						
<i>Economic Factors</i>						
Total factor productivity	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Economic rate of return	%	n.p.	n.p.	n.p.	n.p.	n.p.
<i>Efficiency</i>						
System water loss (as % of total volume supplied)	%	n.p.	n.p.	n.p.	n.p.	6.0
<i>Efficiency (continued)</i>						

WYONG SHIRE COUNCIL (continued)

	<i>Units</i>	<i>1992 (1)</i>	<i>1993 (1)</i>	<i>1994 (2)</i>	<i>1994-95</i>	<i>1995-96</i>
OMA cost per 100km of main:						
- water	\$'000/ 100km	n.p.	932	828	929	1 058
- sewerage	\$'000/ 100km	n.p.	1 163	1 144	1 237	1 262
- drainage	\$'000/ 100km	n.p.	n.p.	n.p.	n.p.	n.p.
Employees per 1000 properties served	Emp/ '000Prop	4.45	4.35	4.12	4.02	3.90
Total days lost	%	n.p.	n.p.	n.p.	n.p.	n.p.
<i>Effectiveness</i>						
Real price index	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Real price movement:						
- residential	Index	n.p.	n.p.	n.p.	n.p.	n.p.
- commercial	Index	n.p.	n.p.	n.p.	n.p.	n.p.
- industrial	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Properties served per km of main:						
- water	No/km	n.p.	60.4	62.0	61.7	63.0
- sewerage mains	No/km	n.p.	62.1	66.8	66.3	67.4
- drainage (5)	No/km	n.p.	n.p.	n.p.	n.p.	n.p.
Unsewered properties (% of total properties)	%	4.6	4.7	0.0	0.4	0.6
Flooding incidents per 100 km of main (sewers)	No/100km	0.70	0.70	0.70	0.70	0.4
<i>Service Quality</i>						
Compliance with sewerage effluent standards	%	100.0	100.0	100.0	100.0	100.0
Compliance with water quality standards	%	100.0	100.0	100.0	100.0	100.0
Water restrictions	%	0.0	0.0	0.0	0.0	0.0
Properties with service interruption	%	n.p.	n.p.	n.p.	n.p.	n.p.
Average interruption duration	Hr	n.p.	n.p.	n.p.	n.p.	n.p.
Service restored within 5 hours	%	n.p.	n.p.	n.p.	n.p.	n.p.
Customer satisfaction results	%	n.p.	n.p.	n.p.	n.p.	>97.0
Main breaks per 100 km (water)	No/100km	2.6	5.4	3.9	3.9	4.5
Sewer chokes per 100 km	No/100km	28.0	29.0	43.0	47.0	42.7

Size

Total assets (3)

WYONG SHIRE COUNCIL (continued)

	<i>Units</i>	<i>1992 (1)</i>	<i>1993 (1)</i>	<i>1994 (2)</i>	<i>1994-95</i>	<i>1995-96</i>
- water	\$M	111	114	114	217	218
- sewerage	\$M	163	163	156	243	236
Total revenue						
- water	\$M	16	21	10	22	19
- sewerage	\$M	26	28	14	24	22
Total employment	No	203	203	203	203	203
Pipeline length:						
- water	km	n.p.	772	794	818	826
- sewerage	km	n.p.	715	737	759	769
- drainage	km	n.p.	n.p.	n.p.	180	n.p.
Properties served:						
- water (6)	'000	46	47	49	50	52
- sewerage (6)	'000	44	44	48	49	51
- drainage	'000	n.p.	n.p.	n.p.	n.p.	n.p.
New housing allotments served	No	937	937	1 185	1 850	1 500
Megalitres of water supplied	'000 MI	14	14	14	14	14
Volume of sewage treated	'000 MI	9	10	10	10	10
Sewage treatment ratios:						
- primary	%	100.0	100.0	100.0	100.0	100.0
- secondary	%	100.0	100.0	100.0	100.0	100.0
- tertiary	%	0.0	0.0	0.0	0.0	0.0
<i>Cost & Revenue Measures</i>						
Average revenue received per property:						
- water	\$/Prop	n.p.	258	115	292	233
- sewerage	\$/Prop	n.p.	447	218	432	364
- drainage	\$/Prop	n.r.	n.r.	n.r.	n.r.	n.p.
Average revenue per kl:						
- residential	\$/kl	n.p.	0.79	0.40	1.03	1.23
- commercial	\$/kl	n.p.	2.37	0.85	1.97	1.81
- industrial (7)	\$/kl	n.p.	n.p.	n.p.	n.p.	n.p.
- other	\$/kl	n.r.	n.r.	n.r.	n.r.	n.p.
- total	\$/kl	n.p.	1.58	0.61	1.50	1.52
OMA costs per property served: (8)						
- water	\$/Prop	146	155	134	151	168
- sewerage	\$/Prop	194	187	172	187	187
- drainage	\$/Prop	n.p.	n.p.	n.p.	n.p.	n.p.

WYONG SHIRE COUNCIL (continued)

NOTES TO INDICATORS FOR WYONG SHIRE COUNCIL (WATER DEPARTMENT)

Key: n.p. - not provided: n.r. - not relevant.

- 1) Council's financial reports were prepared on a calendar year basis until 1994.
- 2) Results for 1 January to 30 June 1994 only.
- 3) All assets brought onto system for 1994-95.
- 4) Council is not subject to taxation.
- 5) To a certain degree all properties are served by drainage.
- 6) Properties served for 1993-94 have been adjusted in line with better record keeping.
- 7) Included in commercial.
- 8) All indicators relating OMA have been based on Council's annual statement of accounts.

WYONG SHIRE COUNCIL (continued)

BARWON WATER**Victoria****Comments on own performance**

The Barwon Region Water Authority (Barwon Water), formerly Geelong and District Water Board, was created on 1 February 1994. Barwon Water's primary role is in the provision of an environmentally sound quality water supply and sewage treatment and disposal system.

The permanent population served by Barwon Water's water supply system was estimated to be 209 580 people over an area of 3900 square kilometres. During summer the population of coastal resort townships increases and at such times up to an extra 50 000 people are reliant on Barwon Water for water supply. As at 30 June 1996, 92 325 properties were connected to Barwon Water's water supply system.

Barwon Water posted an operating surplus of \$15.385 million for the 1995-96 year which will be used to fund future capital works and make payments to the State Government. This result was achieved through increased productivity and business efficiency in a climate of no new debt and during a continuing freeze on price increases. The 10 Year Capital Works Investment Plan adopted in June 1996 allows for gross expenditure of \$193.5 million on major projects, system improvements, asset replacements and other works and services.

The \$46 million treatment plant upgrade at Black Rock is undergoing commissioning. The plant funded from the Special Environment Protection Levy meets EPA requirements, provides for environmentally safe disposal of the treated effluent discharged into Bass Strait and allows for future reuse.

To complement Barwon Water's commitment to customer service a Customer Advisory Committee was established in 1995-96, to provide input on customer services issues that assist Barwon Water in being more responsive to changing community needs and concerns.

Barwon Water measures performance throughout the organisation using both physical and financial performance measures to review the effectiveness of the various corporate strategies adopted. Key areas of performance measured within Barwon Water include customer service, quality and efficiency of our products and services, benchmarking business performance and allocation of resources to best meet environmental needs with overall performance measurement supporting service quality targets.

BARWON WATER (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Financial Ratios (1)						
Return on assets	%	9.6	8.0	8.3	9.8	7.0
Return on operating assets	%	9.6	8.2	8.6	10.2	7.1
Operating sales margin	%	43.7	41.2	42.4	49.5	40.9
Return on equity	%	7.4	4.9	6.6	10.2	5.5
Dividend to equity ratio	%	0.0	1.0	2.1	2.0	2.0
Dividend payout ratio	%	0.0	20.8	31.5	19.7	36.5
Debt to equity	%	100.1	88.9	75.0	75.3	71.2
Total liabilities to equity	%	108.5	95.3	81.5	82.1	76.6
Current ratio	%	140.0	212.4	115.4	82.6	85.6
Interest cover	%	157.5	144.1	172.5	232.8	176.4
Cost recovery ratio	%	162.8	169.9	175.5	192.2	169.0
Operational performance	%	7.8	8.2	8.8	9.6	7.1
Non-financial Ratios						
<i>Economic Factors</i>						
Total factor productivity	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Economic rate of return	%	n.p.	n.p.	n.p.	n.p.	n.p.
<i>Efficiency</i>						
System water loss	%	5.7	8.4	4.0	4.4	10.6
OMA cost per 100km of main						
- water	\$'000/ 100km	n.p.	n.p.	n.p.	781	789
- sewerage	\$'000/ 100km	n.p.	n.p.	n.p.	707	818
- drainage	\$'000/ 100km	n.r.	n.r.	n.r.	n.r.	n.r.
Employees per 1000 properties served	Emp/ '000Prop	4.70	4.50	4.10	4.00	3.50
Total days lost	%	n.p.	n.p.	n.p.	n.p.	15.00
<i>Effectiveness</i>						
Real price index	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Real price movement:						
- residential	Index	n.p.	n.p.	n.p.	n.p.	n.p.
- commercial	Index	n.p.	n.p.	n.p.	n.p.	n.p.
- industrial	Index	n.p.	n.p.	n.p.	n.p.	n.p.

Effectiveness (continued)

BARWON WATER (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Properties served per km of main:						
- water	No/km	46.8	49.9	50.1	50.3	50.7
- sewerage mains	No/km	55.2	59.2	59.4	59.4	59.9
- drainage	No/km	n.r.	n.r.	n.r.	n.r.	n.r.
Unsewered properties (% of total properties)	%	9.1	8.1	8.1	8.1	8.9
Flooding incidents per 100 km of main (sewers)	No/100km	n.p.	n.p.	n.p.	n.p.	n.p.
<i>Service Quality</i>						
Compliance with sewerage effluent standards	%	n.p.	n.p.	n.p.	92.0	94.0
Compliance with water quality standards	%	n.p.	n.p.	n.p.	93.0	94.1
Water restrictions	%	n.r.	n.r.	n.r.	n.r.	n.r.
Properties with service interruption	%	n.p.	n.p.	n.p.	13.0	9.7
Average interruption duration	Hr	n.p.	n.p.	n.p.	2.4	2.2
Service restored within 5 hours	%	n.p.	n.p.	n.p.	100.0	100.0
Customer satisfaction results	%	n.p.	n.p.	n.p.	n.p.	90.0
Main breaks per 100 km (water)	No/100km	30.3	32.1	33.9	47.6	40.7
Sewer chokes per 100 km	No/100km	n.p.	49.4	55.3	56.7	43.1
<i>Size</i>						
Total assets (1)	\$M	315	333	334	370	378
Total revenue	\$M	63	59	63	68	62
Total employment	No	440	433	396	395	341
Pipeline length:						
- water	km	1 879	1 894	1 915	1 927	1 939
- sewerage	km	1 450	1 467	1 487	1 497	1 508
- drainage	km	n.r.	n.r.	n.r.	n.r.	n.r.
Properties served:						
- water	'000	n.p.	95	96	97	98
- sewerage	'000	n.p.	87	88	89	90
- drainage	'000	n.r.	n.r.	n.r.	n.r.	n.r.
New housing allotments served	No	n.p.	n.p.	1 350	884	910
Megalitres of water supplied	'000 MI	35	32	32	36	33
Volume of sewage treated	'000 MI	20	20	21	20	20

Size (continued)

Sewage treatment ratios:

BARWON WATER (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
- primary	%	96.1	95.4	96.1	96.0	96.0
- secondary	%	3.9	4.6	3.9	4.0	4.0
- tertiary	%	n.r.	n.r.	n.r.	n.r.	n.r.
<i>Cost & Revenue Measures</i>						
Average revenue received per property:						
- water	\$/Prop	293	250	220	304	270
- sewerage	\$/Prop	271	254	235	247	225
- drainage	\$/Prop	n.r.	n.r.	n.r.	n.r.	n.r.
Average revenue per kl						
- residential	\$/kl	n.p.	0.90	1.01	0.98	1.05
- commercial	\$/kl	n.p.	n.p.	n.p.	n.p.	n.p.
- industrial	\$/kl	n.p.	n.p.	n.p.	n.p.	n.p.
- other	\$/kl	n.p.	0.71	0.71	0.70	0.73
- total	\$/kl	n.p.	0.92	0.88	0.87	0.88
OMA costs per property served						
- water	\$/Prop	n.p.	n.p.	n.p.	155	155
- sewerage (2)	\$/Prop	n.p.	n.p.	n.p.	119	137
- drainage	\$/Prop	n.r.	n.r.	n.r.	n.r.	n.r.

NOTES TO INDICATORS FOR BARWON WATER

Key: n.p. - not provided; n.r. - not relevant.

- 1) The majority of Barwon Water's assets are recorded on a historical cost basis. During the year ended 30 June 1996, Barwon Water entered arrangements with developers to construct water and wastewater assets. The value of these assets is based on officer valuation. Crown Land was revalued in 1993 and is recorded at independent evaluation.
- 2) In 1995-96, the upgrade of sewerage treatment facilities at Black Rock and Angelsea came on line. The treatment plants together handled 95 per cent of Barwon Water's total sewerage volume.

CITY WEST WATER**Victoria****Comments on own performance**

City West Water commenced operation on 1 January 1995 following the disaggregation of the metropolitan water industry into three retail water businesses (City West Water, South East Water and Yarra Valley Water) and one wholesale water business, which retained the name Melbourne Water. The wholesale business provides bulk water and sewerage services to the three retail businesses, and drainage services for Melbourne.

Current Operations

City West Water is responsible for providing water, sewerage, trade waste and information services to the City of Melbourne and the surrounding Northern and Western suburbs — domestic, commercial and industrial customers. It is governed by an operating licence which defines the company's obligations, boundaries, customers served, prices and service standards. Compliance with the operating licence is monitored by the Office of the Regulator-General. The company is wholly owned by the State of Victoria, is incorporated under Corporations Law and is subject to the supervisory control of the Australian Securities Commission. The Environment Protection Authority regulates City West Water's environmental performance via a memorandum of understanding.

Performance

Performance and efficiency improvements have been achieved across-the-board by City West Water, despite the company having the largest share of metropolitan Melbourne's oldest assets. Targeted initiatives are being aggressively implemented to improve asset performance over the medium term.

Collection of data for several of the customer service indicators (number of properties with service interruptions and average interruption duration) commenced mid way during the financial year and as such, are not provided.

Caution must be exercised when making comparisons with 1994–95 data because only six months worth of data is recorded (due to the company being formed mid way through the financial year).

CITY WEST WATER (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1995 (1)</i>	<i>1995-96</i>
Financial Ratios						
Return on assets	%	n.r.	n.r.	n.r.	- 0.1	9.6
Return on operating assets	%	n.r.	n.r.	n.r.	- 0.2	9.3
Operating sales margin	%	n.r.	n.r.	n.r.	- 0.7	16.7
Return on equity	%	n.r.	n.r.	n.r.	- 6.7	6.4
Dividend to equity ratio	%	n.r.	n.r.	n.r.	0.0	10.6
Dividend payout ratio	%	n.r.	n.r.	n.r.	0.0	165.7
Debt to equity	%	n.r.	n.r.	n.r.	138.0	117.5
Total liabilities to equity	%	n.r.	n.r.	n.r.	161.8	153.5
Current ratio	%	n.r.	n.r.	n.r.	48.9	40.2
Interest cover	%	n.r.	n.r.	n.r.	- 4.8	176.3
Cost recovery ratio	%	n.r.	n.r.	n.r.	110.6	123.0
Operational performance	%	n.r.	n.r.	n.r.	2.6	10.2
Non-financial Ratios						
<i>Economic Factors</i>						
Total factor productivity	Index	n.r.	n.r.	n.r.	n.p.	n.p.
Economic rate of return	%	n.r.	n.r.	n.r.	n.p.	n.p.
<i>Efficiency</i>						
System water loss (as % of total volume supplied)	%	n.r.	n.r.	n.r.	19.9	17.4
OMA cost per 100km of main:						
- water	\$'000/ 100km	n.r.	n.r.	n.r.	241	361
- sewerage	\$'000/ 100km	n.r.	n.r.	n.r.	621	928
- drainage	\$'000/ 100km	n.r.	n.r.	n.r.	n.r.	n.r.
Employees per 1000 properties served	Emp/ '000Prop	n.r.	n.r.	n.r.	1.42	1.06
Total days lost	%	n.r.	n.r.	n.r.	2.60	3.00
<i>Effectiveness</i>						
Real price index (2)	Index	n.r.	n.r.	n.r.	97.30	96.37
Real price movement: (2)						
- residential	Index	n.r.	n.r.	n.r.	97.30	96.37
- commercial	Index	n.r.	n.r.	n.r.	97.30	96.37
- industrial	Index	n.r.	n.r.	n.r.	97.30	96.37

CITY WEST WATER (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1995 (1)</i>	<i>1995-96</i>
<i>Effectiveness (continued)</i>						
Properties served per km of main:						
- water	No/km	n.r.	n.r.	n.r.	72.1	71.9
- sewerage mains	No/km	n.r.	n.r.	n.r.	79.1	78.6
- drainage	No/km	n.r.	n.r.	n.r.	n.r.	n.r.
Unsewered properties (% of total properties)	%	n.r.	n.r.	n.r.	0.9	0.9
Flooding incidents per 100 km of main (sewers)	No/100km	n.r.	n.r.	n.r.	5.6	13.1
<i>Service Quality</i>						
Compliance with sewerage effluent standards	%	n.r.	n.r.	n.r.	98.1	100.0
Compliance with water quality standards	%	n.r.	n.r.	n.r.	99.0	100.0
Water restrictions	%	n.r.	n.r.	n.r.	0.0	0.0
Properties with service interruption	%	n.r.	n.r.	n.r.	n.p.	n.p.
Average interruption duration	Hr	n.r.	n.r.	n.r.	n.p.	n.p.
Service restored within 5 hours	%	n.r.	n.r.	n.r.	95.5	95.5
Customer satisfaction results	%	n.r.	n.r.	n.r.	77.0	86.0
Main breaks per 100 km (water)	No/100km	n.r.	n.r.	n.r.	65.8	82.9
Sewer chokes per 100 km	No/100km	n.r.	n.r.	n.r.	23.8	51.5
<i>Size</i>						
Total assets	\$M	n.r.	n.r.	n.r.	505	516
Total revenue	\$M	n.r.	n.r.	n.r.	136	283
Total employment	No	n.r.	n.r.	n.r.	322	245
Pipeline length:						
- water	km	n.r.	n.r.	n.r.	3 150	3 200
- sewerage	km	n.r.	n.r.	n.r.	2 850	2 900
- drainage	km	n.r.	n.r.	n.r.	n.r.	n.r.
Properties served:						
- water	'000	n.r.	n.r.	n.r.	227	230
- sewerage	'000	n.r.	n.r.	n.r.	225	228
- drainage	'000	n.r.	n.r.	n.r.	n.r.	n.r.
New housing allotments served	No	n.r.	n.r.	n.r.	n.p.	2 614
Megalitres of water supplied	'000 MI	n.r.	n.r.	n.r.	56	110
Volume of sewage treated	'000 MI	n.r.	n.r.	n.r.	3	7

Size (continued)

CITY WEST WATER (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1995 (1)</i>	<i>1995-96</i>
Sewage treatment ratios:						
- primary	%	n.r.	n.r.	n.r.	0.0	0.0
- secondary	%	n.r.	n.r.	n.r.	100.0	100.0
- tertiary	%	n.r.	n.r.	n.r.	0.0	0.0
<i>Cost & Revenue Measures</i>						
Average revenue received per property:						
- water	\$/Prop	n.r.	n.r.	n.r.	249	484
- sewerage	\$/Prop	n.r.	n.r.	n.r.	297	594
- drainage	\$/Prop	n.r.	n.r.	n.r.	n.r.	n.r.
Average revenue per kl:						
- residential	\$/kl	n.r.	n.r.	n.r.	2.13	2.39
- commercial	\$/kl	n.r.	n.r.	n.r.	4.75	4.21
- industrial	\$/kl	n.r.	n.r.	n.r.	n.p.	n.p.
- other	\$/kl	n.r.	n.r.	n.r.	n.p.	n.p.
- total	\$/kl	n.r.	n.r.	n.r.	3.14	3.21
OMA costs per property served:						
- water	\$/Prop	n.r.	n.r.	n.r.	33	50
- sewerage	\$/Prop	n.r.	n.r.	n.r.	79	119
- drainage	\$/Prop	n.r.	n.r.	n.r.	n.r.	n.r.

NOTES TO INDICATORS FOR CITY WEST WATER

Key: n.p. - not provided; n.r. - not relevant.

- 1) 1995 figures based on half year results ending 30 June 1995.
- 2) The base for indices is 1 July 1994.

MELBOURNE WATER CORPORATION**Victoria****Comments on own performance**

Melbourne Water Corporation was established on 1 January 1995 as a wholesaler of water and sewerage services and a provider of drainage services for Melbourne. This followed the disaggregation of the former Melbourne Water Corporation into one wholesale water business, three retail water businesses (City West Water, Yarra Valley Water and South East Water) and a parks authority.

In 1995–96 Melbourne Water made considerable progress towards the objectives of being a commercially focused organisation which places a high priority on its community responsibilities in environment and public health.

Financial performance

The Corporation achieved a reduction in direct operating expenditure of 15 per cent based on a comparison of the annualised results for the six months to 30 June 1995 with the 1995–96 financial year.

A debt restructuring strategy was developed resulting in a reduction in borrowings of \$90.2 million and a reduction in debt to total assets from 76 per cent in 1994–95 to 71.8 per cent in 1995–96.

A review of the property portfolio identified holdings surplus to requirements and led to asset sales of \$33.5 million.

Wholesale water, sewerage and drainage prices were maintained at the same levels as in 1994–95.

Non-financial performance

Melbourne Water maintained a high level of compliance at its two treatment plants, with only one significant spill incident in the sewerage system. As a result of this incident, a No Sewer Spills policy was developed with a target of zero preventable sewerage spills.

The Health Department did not identify any significant issues of concern with regard to Melbourne Water's supply of drinking water to the three retail water companies. Melbourne Water undertook a number of major projects to upgrade water quality in outer urban and semi-rural areas.

MELBOURNE WATER CORPORATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1995 (1)</i>	<i>1995-96</i>
Financial Ratios						
Return on assets	%	n.r.	n.r.	n.r.	6.0	13.9
Return on operating assets	%	n.r.	n.r.	n.r.	6.0	14.0
Operating sales margin	%	n.r.	n.r.	n.r.	46.9	54.9
Return on equity	%	n.r.	n.r.	n.r.	6.1	29.6
Dividend to equity ratio	%	n.r.	n.r.	n.r.	7.4	19.5
Dividend payout ratio	%	n.r.	n.r.	n.r.	120.6	65.7
Debt to equity	%	n.r.	n.r.	n.r.	527.9	452.5
Total liabilities to equity	%	n.r.	n.r.	n.r.	594.3	530.0
Current ratio	%	n.r.	n.r.	n.r.	9.8	7.9
Interest cover	%	n.r.	n.r.	n.r.	128.8	163.5
Cost recovery ratio	%	n.r.	n.r.	n.r.	231.7	281.4
Operational performance	%	n.r.	n.r.	n.r.	7.3	16.4
Non-financial Ratios						
<i>Economic Factors</i>						
Total factor productivity	Index	n.r.	n.r.	n.r.	n.p.	n.p.
Economic rate of return	%	n.r.	n.r.	n.r.	n.p.	n.p.
<i>Efficiency</i>						
System water loss	%	n.r.	n.r.	n.r.	n.r.	0.3
OMA cost per 100km of main:						
- water	\$'000/ 100km	n.r.	n.r.	n.r.	1 861	3 638
- sewerage	\$'000/ 100km	n.r.	n.r.	n.r.	9 817	17 521
- drainage	\$'000/ 100km	n.p.	n.p.	n.p.	1 517	3 791
Employees per 1000 properties served	Emp/ '000 Prop	n.r.	n.r.	n.r.	n.r.	n.r.
Total days lost	%	n.r.	n.r.	n.r.	1.75	1.76
<i>Effectiveness</i>						
Real price index (2)	Index	n.r.	n.r.	n.r.	n.r.	n.r.
Real price movement by customer group:						
- residential	Index	n.r.	n.r.	n.r.	n.r.	n.r.
- commercial	Index	n.r.	n.r.	n.r.	n.r.	n.r.
- industrial	Index	n.r.	n.r.	n.r.	n.r.	n.r.

MELBOURNE WATER CORPORATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1995 (1)</i>	<i>1995-96</i>
<i>Effectiveness (continued)</i>						
Properties served per km of main:						
- water	No/km	n.r.	n.r.	n.r.	n.r.	n.r.
- sewerage	No/km	n.r.	n.r.	n.r.	n.r.	n.r.
- drainage	No/km	n.p.	n.p.	n.p.	1 210.4	1 226.9
Unsewered properties (% of total properties)	%	n.r.	n.r.	n.r.	n.r.	n.r.
Flooding incidents per 100 km of main (sewers)	No/100km	n.r.	n.r.	n.r.	8.4	19.2
<i>Service Quality</i>						
Compliance with sewerage effluent standards	%	n.r.	n.r.	n.r.	97.3	>98.0
Compliance with water quality standards	%	n.r.	n.r.	n.r.	99.5	>99.0
Water restrictions	%	n.r.	n.r.	n.r.	n.r.	n.r.
Properties with service interruption	%	n.r.	n.r.	n.r.	n.r.	n.r.
Average interruption duration	Hr	n.r.	n.r.	n.r.	n.r.	n.r.
Service restored within 5 hours	%	n.r.	n.r.	n.r.	n.r.	n.r.
Customer satisfaction results	%	n.r.	n.r.	n.r.	n.r.	n.r.
Main breaks per 100 km (water) (3)	No/100km	n.r.	n.r.	n.r.	5.2	5.8
Sewer chokes per 100 km	No/100km	n.r.	n.r.	n.r.	n.r.	n.r.
<i>Size</i>						
Total assets	\$M	n.r.	n.r.	n.r.	2 698	2 731
Total revenue	\$M	n.r.	n.r.	n.r.	344	676
Total employment	No	n.r.	n.r.	n.r.	962	825
Pipeline length:						
- water	km	n.r.	n.r.	n.r.	1 340	1 340
- sewerage	km	n.r.	n.r.	n.r.	380	380
- drainage	km	n.p.	n.p.	1 021	1 036	1 036
Properties served:						
- water	'000	n.r.	n.r.	n.r.	n.r.	n.r.
- sewerage	'000	n.r.	n.r.	n.r.	n.r.	n.r.
- drainage	'000	1 200	1 219	1 233	1 254	1 271
New housing allotments served (4)	No	n.r.	n.r.	19 000	20 378	20 247
Megalitres of water supplied	'000MI	n.r.	n.r.	n.r.	237	454
Volume of sewage treated	'000MI	n.r.	n.r.	n.r.	162	335

Size (continued)

MELBOURNE WATER CORPORATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1995 (1)</i>	<i>1995-96</i>
Sewage treatment ratios:						
- primary	%	n.r.	n.r.	n.r.	0.0	0.0
- secondary	%	n.r.	n.r.	n.r.	100.0	100.0
- tertiary	%	n.r.	n.r.	n.r.	0.0	0.0
<i>Cost & Revenue Measures</i>						
Average revenue received per property:						
- water	\$/Prop	n.r.	n.r.	n.r.	n.r.	n.r.
- sewerage	\$/Prop	n.r.	n.r.	n.r.	n.r.	n.r.
- drainage	\$/Prop	61	63	84	77	81
Average revenue per kl:						
- residential	\$/kl	n.r.	n.r.	n.r.	n.r.	n.r.
- commercial	\$/kl	n.r.	n.r.	n.r.	n.r.	n.r.
- industrial	\$/kl	n.r.	n.r.	n.r.	n.r.	n.r.
- other	\$/kl	n.r.	n.r.	n.r.	n.r.	n.r.
- total	\$/kl	n.r.	n.r.	n.r.	n.r.	n.r.
OMA costs per property served:						
- water	\$/Prop	n.r.	n.r.	n.r.	n.r.	n.r.
- sewerage	\$/Prop	n.r.	n.r.	n.r.	n.r.	n.r.
- drainage	\$/Prop	31	38	32	34	31

NOTES TO INDICATORS FOR MELBOURNE WATER CORPORATION

Key: n.p. - not provided; n.r. - not relevant.

- 1) 1995 figures based on half year results ending 30 June 1995. Melbourne Water Corporation was established on 1 January 1995 as a wholesaler of water and sewerage services and provider of drainage services. Data for the former Melbourne Water Corporation between 1991-92 and 1994-95 are available in last year's report by the Steering Committee on National Performance Monitoring of Government Trading Enterprises.
- 2) MWC Bulk charges first applied from 1 January 1995.
- 3) Applies to MWC bulk system only.
- 4) Drainage properties only.

SOUTH EAST WATER**Victoria****Comments on own performance**

South East Water Limited was incorporated in late 1994 and commenced operations as a retail water supply and sewerage service business on 1 January 1995 following the disaggregation of Melbourne Water. As a state-owned enterprise, the Company operates in an arena of ‘competition by comparison’ with two other retailers, City West Water and Yarra Valley Water with Melbourne Water the wholesaler.

The Company is responsible for water and sewerage services to a population of 1.4 million in an area of 3640 square kilometres. The area ranges from Port Melbourne to Portsea and from Mordialloc to some 40 kilometres east of Berwick.

The industry is monitored independently by the Office of the Regulator General.

South East Water Limited has had a creditable year in 1995–96 in financial and non financial terms. There has been improvements in many key indicators in the areas of profitability, asset management and utilisation, efficiency and productivity and leverage and liquidity.

Other achievements include being the first major urban water authority in Australia to gain quality endorsement in every aspect of its business to international standard ISO 9001. A report released by the Office of the Regulator General showed that in the 1995 calendar year, South East Water was the best and most consistent water company overall, outperforming its competitors in the key water and sewerage supply categories.

Other highlights include the release of a customer charter, formation of a Customer Advisory Committee, introduction of a state-of-art call tracking computer program “Waterlog”, establishment of an Environmental Policy, launch of the Internet site and many others.

SOUTH EAST WATER (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1995 (4)</i>	<i>1995-96</i>
Financial Ratios (1,2,5,6)						
Return on assets	%	n.r.	n.r.	n.r.	4.8	12.2
Return on operating assets	%	n.r.	n.r.	n.r.	4.8	12.2
Operating sales margin	%	n.r.	n.r.	n.r.	25.5	30.9
Return on equity	%	n.r.	n.r.	n.r.	3.0	11.4
Dividend to equity ratio	%	n.r.	n.r.	n.r.	3.8	14.8
Dividend payout ratio	%	n.r.	n.r.	n.r.	126.7	130.3
Debt to equity	%	n.r.	n.r.	n.r.	166.7	141.4
Total liabilities to equity	%	n.r.	n.r.	n.r.	188.1	180.5
Current ratio	%	n.r.	n.r.	n.r.	42.5	24.5
Interest cover	%	n.r.	n.r.	n.r.	161.3	215.8
Cost recovery ratio	%	n.r.	n.r.	n.r.	146.6	149.1
Operational performance	%	n.r.	n.r.	n.r.	6.0	13.0
Non-financial Ratios						
<i>Economic Factors</i>						
Total factor productivity	Index	n.r.	n.r.	n.r.	n.p.	n.p.
Economic rate of return	%	n.r.	n.r.	n.r.	4.05	12.36
<i>Efficiency</i>						
System water loss (as % of total volume supplied)	%	n.r.	n.r.	n.r.	17.9	20.5
OMA cost per 100km of main:						
- water	\$'000/ 100km	n.r.	n.r.	n.r.	176	319
- sewerage	\$'000/ 100km	n.r.	n.r.	n.r.	427	673
- drainage	\$'000/ 100km	n.r.	n.r.	n.r.	n.r.	n.r.
Employees per 1000 properties served	Emp/ '000Prop	n.r.	n.r.	n.r.	0.89	0.84
Total days lost	%	n.r.	n.r.	n.r.	1.50	1.00
<i>Effectiveness</i>						
Real price index (3)	Index	n.r.	n.r.	n.r.	100.00	96.40
Real price movement: (3)						
- residential	Index	n.r.	n.r.	n.r.	100.00	96.40
- commercial	Index	n.r.	n.r.	n.r.	100.00	96.40
- industrial	Index	n.r.	n.r.	n.r.	100.00	96.40

SOUTH EAST WATER (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1995 (4)</i>	<i>1995-96</i>
<i>Effectiveness (continued)</i>						
Properties served per km of main:						
- water	No/km	n.r.	n.r.	n.r.	70.5	71.1
- sewerage mains	No/km	n.r.	n.r.	n.r.	76.1	77.1
- drainage	No/km	n.r.	n.r.	n.r.	n.r.	n.r.
Unsewered properties (% of total properties)	%	n.r.	n.r.	n.r.	8.2	7.1
Flooding incidents per 100 km of main (sewers)	No/100km	n.r.	n.r.	n.r.	5.5	8.7
<i>Service Quality</i>						
Compliance with sewerage effluent standards	%	n.r.	n.r.	n.r.	100.0	100.0
Compliance with water quality standards	%	n.r.	n.r.	n.r.	99.8	99.8
Water restrictions	%	n.r.	n.r.	n.r.	0.0	0.0
Properties with service interruption	%	n.r.	n.r.	n.r.	n.p.	30.0
Average interruption duration	Hr	n.r.	n.r.	n.r.	3.9	2.0
Service restored within 5 hours	%	n.r.	n.r.	n.r.	n.p.	99.6
Customer satisfaction results	%	n.r.	n.r.	n.r.	n.p.	97.0
Main breaks per 100 km (water)	No/100km	n.r.	n.r.	n.r.	11.2	21.6
Sewer chokes per 100 km	No/100km	n.r.	n.r.	n.r.	13.4	18.9
<i>Size</i>						
Total assets (5)	\$M	n.r.	n.r.	n.r.	974	992
Total revenue	\$M	n.r.	n.r.	n.r.	182	385
Total employment	No	n.r.	n.r.	n.r.	508	473
Pipeline length:						
- water	km	n.r.	n.r.	n.r.	6 951	7 010
- sewerage	km	n.r.	n.r.	n.r.	5 914	5 997
- drainage	km	n.r.	n.r.	n.r.	n.r.	n.r.
Properties served:						
- water	'000	n.r.	n.r.	n.r.	490	498
- sewerage	'000	n.r.	n.r.	n.r.	450	462
- drainage	'000	n.r.	n.r.	n.r.	n.r.	n.r.
New housing allotments served	No	n.r.	n.r.	n.r.	4 200	6 000
Megalitres of water supplied	'000 MI	n.r.	n.r.	n.r.	77	149
Volume of sewage treated	'000 MI	n.r.	n.r.	n.r.	5	11

Size (continued)

SOUTH EAST WATER (continued)

	<i>Units</i>	<i>1991–92</i>	<i>1992–93</i>	<i>1993–94</i>	<i>1995 (4)</i>	<i>1995–96</i>
Sewage treatment ratios:						
- primary	%	n.r.	n.r.	n.r.	0.0	0.0
- secondary	%	n.r.	n.r.	n.r.	100.0	100.0
- tertiary	%	n.r.	n.r.	n.r.	0.0	0.0
<i>Cost & Revenue Measures</i>						
Average revenue received per property:						
- water	\$/Prop	n.r.	n.r.	n.r.	167	306
- sewerage	\$/Prop	n.r.	n.r.	n.r.	207	461
- drainage	\$/Prop	n.r.	n.r.	n.r.	n.r.	n.r.
Average revenue per kl:						
- residential	\$/kl	n.r.	n.r.	n.r.	1.03	1.09
- commercial	\$/kl	n.r.	n.r.	n.r.	3.63	3.13
- industrial	\$/kl	n.r.	n.r.	n.r.	0.65	0.65
- other	\$/kl	n.r.	n.r.	n.r.	0.65	0.65
- total	\$/kl	n.r.	n.r.	n.r.	1.23	1.29
OMA costs per property served:						
- water	\$/Prop	n.r.	n.r.	n.r.	26	45
- sewerage	\$/Prop	n.r.	n.r.	n.r.	55	87
- drainage	\$/Prop	n.r.	n.r.	n.r.	n.r.	n.r.

NOTES TO INDICATORS FOR SOUTH EAST WATER

Key: n.p. - not provided; n.r. - not relevant.

- 1) Audited financial data have been used wherever possible.
- 2) The company is subject to Victorian State Equivalent Income Tax. To date no income tax has been paid to the Victorian Government.
- 3) The base year for indices is 1994–95.
- 4) 1995 figures based on half year results ending 30 June 1995.
- 5) Fixed assets, land and buildings, and plant and equipment are valued at historical cost. Building revaluation in June 1996 resulted in a devaluation of \$2.4 million.
- 6) In 1995–96, two community service obligations were funded through internal cross subsidies — gratuitous water supply (\$1.0 million) and pension concession discounts (\$0.2 million).

YARRA VALLEY WATER**Victoria****Comments on own performance**

Yarra Valley Water Ltd was incorporated as a company under Corporations Law on 8 October 1994 and commenced operations on 1 January 1995. The Company was established as one of three water retailers providing water and sewerage services to the metropolitan area of Melbourne. The 1995–96 financial year represents the first full year of operations for the Company.

Higher profits and improved customer service levels have been underpinned by new business systems and practices which have had a dramatic effect on productivity and corporate culture. The Company is developing new products and services, redesigning business processes, making better use of resources, introducing new information technology, disposing of assets and, where appropriate, contracting out the Company's functions.

New information systems have been introduced in all areas of the business, including financials, asset management, document management, correspondence and customer billing. These systems have made it much easier for staff to provide customers with better service. Costs have been reduced and many of the people at the Company are now multiskilled and have more interesting jobs.

YARRA VALLEY WATER (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1995 (1)</i>	<i>1995-96</i>
Financial Ratios (2)						
Return on assets	%	n.r.	n.r.	n.r.	5.3	9.2
Return on operating assets	%	n.r.	n.r.	n.r.	5.3	9.3
Operating sales margin	%	n.r.	n.r.	n.r.	26.4	23.9
Return on equity	%	n.r.	n.r.	n.r.	4.3	6.4
Dividend to equity ratio	%	n.r.	n.r.	n.r.	4.1	11.1
Dividend payout ratio	%	n.r.	n.r.	n.r.	95.7	174.6
Debt to equity	%	n.r.	n.r.	n.r.	145.8	130.0
Total liabilities to equity	%	n.r.	n.r.	n.r.	165.4	161.1
Current ratio	%	n.r.	n.r.	n.r.	38.9	18.1
Interest cover	%	n.r.	n.r.	n.r.	193.3	175.4
Cost recovery ratio	%	n.r.	n.r.	n.r.	142.1	141.1
Operational performance	%	n.r.	n.r.	n.r.	6.0	11.3
Non-financial Ratios						
<i>Economic Factors</i>						
Total factor productivity	Index	n.r.	n.r.	n.r.	n.p.	n.p.
Economic rate of return	%	n.r.	n.r.	n.r.	5.10	9.56
<i>Efficiency</i>						
System water loss (as % of total volume supplied)	%	n.r.	n.r.	n.r.	27.0	24.0
OMA cost per 100km of main:						
- water	\$'000/ 100km	n.r.	n.r.	n.r.	128	317
- sewerage	\$'000/ 100km	n.r.	n.r.	n.r.	312	608
- drainage	\$'000/ 100km	n.r.	n.r.	n.r.	n.r.	n.r.
Employees per 1000 properties served	Emp/ '000Prop	n.r.	n.r.	n.r.	0.83	0.56
Total days lost	%	n.r.	n.r.	n.r.	2.59	2.67
<i>Effectiveness</i>						
Real price index	Index	n.r.	n.r.	n.r.	100.0	96.4
Real price movement:						
- residential	Index	n.r.	n.r.	n.r.	n.p.	n.p.
- commercial	Index	n.r.	n.r.	n.r.	n.p.	n.p.
- industrial	Index	n.r.	n.r.	n.r.	n.p.	n.p.

YARRA VALLEY WATER (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1995 (1)</i>	<i>1995-96</i>
<i>Efficiency (continued)</i>						
Properties served per km of main:						
- water	No/km	n.r.	n.r.	n.r.	57.2	57.9
- sewerage mains	No/km	n.r.	n.r.	n.r.	68.2	68.7
- drainage	No/km	n.r.	n.r.	n.r.	n.r.	n.r.
Unsewered properties (% of total properties)	%	n.r.	n.r.	n.r.	5.8	5.0
Flooding incidents per 100 km of main (sewers)	No/100km	n.r.	n.r.	n.r.	14.4	89.7
<i>Service Quality</i>						
Compliance with sewerage effluent standards	%	n.r.	n.r.	n.r.	98.7	99.9
Compliance with water quality standards	%	n.r.	n.r.	n.r.	99.7	99.7
Water restrictions	%	n.r.	n.r.	n.r.	0.0	0.1
Properties with service interruption	%	n.r.	n.r.	n.r.	0.6	0.8
Average interruption duration	Hr	n.r.	n.r.	n.r.	2.0	2.0
Service restored within 5 hours	%	n.r.	n.r.	n.r.	n.p.	99.5
Customer satisfaction results	%	n.r.	n.r.	n.r.	76.0	86.0
Main breaks per 100 km (water)	No/100km	n.r.	n.r.	n.r.	18.9	26.5
Sewer chokes per 100 km	No/100km	n.r.	n.r.	n.r.	18.2	29.5
<i>Size</i>						
Total assets	\$M	n.r.	n.r.	n.r.	1 080	1 090
Total revenue	\$M	n.r.	n.r.	n.r.	214	415
Total employment	No	n.r.	n.r.	n.r.	541	463
Pipeline length:						
- water	km	n.r.	n.r.	n.r.	9 377	9 377
- sewerage	km	n.r.	n.r.	n.r.	7 410	7 510
- drainage	km	n.r.	n.r.	n.r.	n.p.	n.p.
Properties served:						
- water	'000	n.r.	n.r.	n.r.	536	543
- sewerage	'000	n.r.	n.r.	n.r.	505	516
- drainage	'000	n.r.	n.r.	n.r.	n.p.	n.p.
New housing allotments served	No	n.r.	n.r.	n.r.	2 023	4 500
Megalitres of water supplied	'000 MI	n.r.	n.r.	n.r.	102	195
Volume of sewage treated	'000 MI	n.r.	n.r.	n.r.	4	8

Size (continued)

YARRA VALLEY WATER (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1995 (1)</i>	<i>1995-96</i>
Sewage treatment ratios:						
- primary	%	n.r.	n.r.	n.r.	100.0	100.0
- secondary	%	n.r.	n.r.	n.r.	100.0	100.0
- tertiary	%	n.r.	n.r.	n.r.	n.p.	n.p.
<i>Cost & Revenue Measures</i>						
Average revenue received per property:						
- water	\$/Prop	n.r.	n.r.	n.r.	181	300
- sewerage	\$/Prop	n.r.	n.r.	n.r.	202	420
- drainage	\$/Prop	n.r.	n.r.	n.r.	n.p.	n.r.
Average revenue per kl:						
- residential	\$/kl	n.r.	n.r.	n.r.	n.p.	n.p.
- commercial	\$/kl	n.r.	n.r.	n.r.	n.p.	n.p.
- industrial	\$/kl	n.r.	n.r.	n.r.	n.p.	n.p.
- other	\$/kl	n.r.	n.r.	n.r.	n.p.	n.p.
- total	\$/kl	n.r.	n.r.	n.r.	0.81	0.84
OMA costs per property served:						
- water	\$/Prop	n.r.	n.r.	n.r.	36	55
- sewerage	\$/Prop	n.r.	n.r.	n.r.	39	89
- drainage	\$/Prop	n.r.	n.r.	n.r.	n.p.	n.r.

YARRA VALLEY WATER (continued)

NOTES TO INDICATORS FOR YARRA VALLEY WATER

Key: n.p. - not provided; n.r. - not relevant.

- 1) 1995 figures based on half year results ending 30 June 1995.
- 2) Community service obligations.

<i>Category of CSO</i>	<i>Method of valuation</i>	<i>Source of funding</i>	<i>Year</i>	<i>Cost</i>
Free water to parks, etc	4356 Ml @ 65c	Internal	1995-96	\$2 831 000
Unmetered gratuitous supply	40 Ml @ 65c	Internal	1995-96	\$26 000
Water used in fire fighting	1200 Ml @ 65c	Internal	1995-96	\$780 000
Administration of pensioner rebates	Internal costing	Internal	1995-96	\$158 000
Water used in street cleaning	500 Ml @ 65c	Internal	1995-96	\$325 000
Remission of developer contribution	Internal costing	Internal	1995-96	\$200 000
Melbourne one call system	Internal costing	Internal	1995-96	\$146 000
Customer consultative committee	Internal costing	Internal	1995-96	\$24 000
Education material for schools	Internal costing	Internal	1995-96	\$7500
Administration of waive applications	Internal costing	Internal	1995-96	\$44 500
Freedom of information application	10-15 @ \$500	Internal	1995-96	\$7500

YARRA VALLEY WATER (continued)

Units *1991-92* *1992-93* *1993-94* *1995 (1)* *1995-96*

BRISBANE CITY COUNCIL**Queensland****Comments on own performance**

The City of Brisbane is Australia's biggest municipality with more than 800 000 residents. The Department of Water Supply and Sewerage within the City Council is responsible for provision of water supply, sewerage and liquid hazardous waste services to the city and for the bulk supply of water to five adjoining local authorities. Water Supply and Sewerage are separate programs in the city council. The goals of the two programs are:

- *water supply*: to meet the community needs for potable water by the purchase, storage, treatment and distribution of water to Brisbane customers and the surrounding local authorities; and
- *sewerage*: to protect the public health, safety and the environment by the provision of an economical system for the safe collection, transportation and disposal of domestic and trade wastes.

Financial performance

The Council has adopted the standard AAS27. Balance sheet items are still not fully reported as they are controlled by the Brisbane City Council on a corporate basis and cannot always be disaggregated. From 1993–94 debt and interest expense reflects the real cost of funds, including market value effects. The Department has funded the greater portion of capital acquisitions from revenue (donated and contributed assets and other revenue sources), and it has continued to use loan raising as an appropriate method of financing long term asset acquisitions which enhance or expand existing capital base.

Non-financial performance

It is proposed that all sewerage treatment comply with licence conditions set by Queensland Department of Environment and Heritage within two years. To ensure a continuously safe water supply, the department has a standard of service for water quality based on World Health Organisation guidelines.

BRISBANE CITY COUNCIL (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Financial Ratios - overall (1)						
Return on assets (2)	%	2.3	2.1	1.6	2.0	2.0
Return on operating assets (3)	%	2.3	2.1	1.6	2.0	2.0
Operating sales margin	%	26.3	25.2	18.8	20.8	19.2
Return on equity	%	0.9	0.5	0.5	0.7	0.9
Dividend to equity ratio	%	0.0	0.0	0.0	0.0	0.0
Dividend payout ratio	%	0.0	0.0	0.0	0.0	0.0
Debt to equity	%	17.2	16.6	17.0	17.4	15.5
Total liabilities to equity	%	17.2	16.6	17.0	17.4	15.5
Current ratio (3)	%	n.p.	n.p.	n.p.	n.p.	n.p.
Interest cover	%	151.0	125.5	134.7	139.7	165.3
Cost recovery ratio	%	133.3	131.8	121.8	122.0	120.0
Operational performance	%	2.2	2.0	1.5	1.6	1.7
Financial Ratios - water						
Return on assets (2)	%	2.8	2.5	1.6	1.8	2.1
Return on operating assets (3)	%	2.8	2.5	1.6	1.8	2.1
Operating sales margin	%	28.9	25.5	16.0	17.9	20.0
Return on equity	%	1.6	0.9	0.6	0.6	1.1
Dividend to equity ratio	%	0.0	0.0	0.0	0.0	0.0
Dividend payout ratio	%	0.0	0.0	0.0	0.0	0.0
Debt to equity	%	15.7	16.7	15.3	15.7	13.9
Total liabilities to equity	%	15.7	16.7	15.3	15.7	13.9
Current ratio (3)	%	n.p.	n.p.	n.p.	n.p.	n.p.
Interest cover	%	196.9	147.4	152.5	141.0	187.8
Cost recovery ratio	%	139.9	133.4	118.4	121.3	124.5
Operational performance	%	2.8	2.4	1.5	1.8	2.0
Financial Ratios - sewerage						
Return on assets	%	1.8	2.1	1.9	2.1	2.1
Return on operating assets	%	1.8	2.1	1.9	2.1	2.1
Operating sales margin	%	23.0	25.1	22.6	25.0	23.7
Return on equity	%	0.2	0.1	0.4	0.7	0.9
Dividend to equity ratio	%	0.0	0.0	0.0	0.0	0.0
Dividend payout ratio	%	0.0	0.0	0.0	0.0	0.0
Debt to equity	%	18.8	20.5	18.8	19.2	17.2
Total liabilities to equity	%	18.8	20.5	18.8	19.2	17.2

BRISBANE CITY COUNCIL (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Financial Ratios - sewerage (continued)						
Current ratio	%	n.p.	n.p.	n.p.	n.p.	n.p.
Interest cover	%	109.2	106.3	123.1	139.9	155.8
Cost recovery ratio	%	125.6	130.3	127.1	123.4	121.8
Operational performance	%	1.6	1.9	1.7	1.5	1.4
Non-financial Ratios						
<i>Economic Factors</i>						
Total factor productivity:						
- water	Index	n.p.	n.p.	n.p.	n.p.	n.p.
- sewerage	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Economic rate of return:						
- water	%	3.16	2.80	3.19	3.45	3.62
- sewerage	%	2.01	2.23	1.97	2.31	2.22
<i>Efficiency</i>						
System water loss - water (as % of total volume supplied)	%	n.p.	n.p.	n.p.	n.p.	n.p.
System water loss - sewerage (as % of total volume supplied)	%	n.p.	n.p.	n.p.	n.p.	n.p.
OMA cost per 100km of main:						
- water	\$'000/ 100km	1 040	1 089	1 004	1 046	1 012
- sewerage	\$'000/ 100km	732	742	778	757	812
Employees per 1000 properties served:						
- water	Emp/ '000Prop	2.55	1.48	1.41	1.30	1.15
- sewerage	Emp/ '000Prop	2.65	1.66	1.54	1.44	1.54
Total days lost:						
- water	%	5.00	4.40	4.70	4.90	4.84
- sewerage	%	5.00	4.40	4.70	4.90	4.84
<i>Effectiveness</i>						
Real price index:						
- water	Index	n.p.	n.p.	n.p.	n.p.	n.p.
- sewerage	Index	n.p.	n.p.	n.p.	n.p.	n.p.

Effectiveness (continued)

BRISBANE CITY COUNCIL (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Real price movement:						
- residential (4)	Index	104.00	106.00	107.00	105.00	104.00
- commercial	Index	n.p.	n.p.	n.p.	n.p.	n.p.
- industrial	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Properties served per km of main:						
- water	No/km	53.4	53.5	53.8	53.8	54.5
- sewerage	No/km	53.5	53.5	53.5	52.9	53.3
Unsewered properties (% of total properties)	%	3.5	2.8	2.8	2.8	2.7
Flooding incidents per 100 km of main (sewers)	No/100km	20.9	0.0	0.7	1.4	n.r.
<i>Service Quality</i>						
Compliance with sewerage effluent standards	%	85.0	90.0	91.0	96.0	n.r.
Compliance with water quality standards	%	n.p.	n.p.	n.p.	n.p.	n.p.
Water restrictions (5)	%	n.p.	n.p.	n.p.	n.p.	11.7
Properties with service interruption	%	n.p.	n.p.	n.p.	n.p.	n.p.
Average interruption duration	Hr	n.p.	n.p.	n.p.	n.p.	n.p.
Service restored within 5 hours (6)	%	100.0	100.0	97.3	99.0	97.0
Customer satisfaction results:						
- water	%	n.p.	95.0	n.p.	n.p.	n.p.
- sewerage	%	n.p.	98.0	n.p.	n.p.	n.p.
Main breaks per 100 km (water)	No/100km	34.3	36.1	32.7	36.7	32.7
Sewer chokes per 100 km	No/100km	32.6	33.6	42.5	32.6	n.r.
<i>Size</i>						
Total assets: (2)						
- water	\$M	1 358	1 378	1 402	1 426	1 506
- sewerage	\$M	1 254	1 275	1 303	1 327	1 403
Total revenue:						
- water	\$M	132	132	135	146	151
- sewerage	\$M	97	103	106	111	118
Total employment:						
- water	No	799	472	454	424	384
- sewerage	No	799	520	485	463	508

Size (continued)

Pipeline length:

BRISBANE CITY COUNCIL (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
- water	km	5 862	5 942	5 987	6 059	6 128
- sewerage	km	5 649	5 775	5 855	5 991	6 095
- drainage	km	n.r.	n.r.	n.r.	n.r.	n.r.
Properties served:						
- water	'000	279	281	284	288	296
- sewerage	'000	269	272	275	279	287
- drainage	'000	n.r.	n.r.	n.r.	n.r.	n.r.
New housing allotments served	No	n.p.	n.p.	4 730	3 250	8 442
Megalitres of water supplied	'000MI	193	197	171	204	186
Volume of sewage treated	'000MI	113	103	103	102	112
Sewage treatment ratios:						
- primary	%	15.0	10.0	2.0	0.0	0.0
- secondary	%	85.0	90.0	98.0	100.0	100.0
- tertiary	%	0.0	0.0	0.0	0.0	0.0
<i>Cost & Revenue Measures</i>						
Average revenue received per property						
- water	\$/Prop	472	457	459	490	510
- sewerage	\$/Prop	383	390	382	384	412
- drainage	\$/Prop	n.r.	n.r.	n.r.	n.r.	n.r.
Average revenue per kl						
- residential	\$/kl	n.p.	n.p.	n.p.	n.p.	n.p.
- commercial	\$/kl	n.p.	n.p.	n.p.	n.p.	n.p.
- industrial	\$/kl	n.p.	n.p.	n.p.	n.p.	n.p.
- other	\$/kl	n.p.	n.p.	n.p.	n.p.	n.p.
- total	\$/kl	0.68	0.67	0.77	0.70	0.81
OMA costs per property served (7)						
- water	\$/Prop	195	203	187	194	186
- sewerage	\$/Prop	153	151	156	147	151

BRISBANE CITY COUNCIL (continued)

NOTES TO INDICATORS FOR BRISBANE CITY COUNCIL

Key: n.p. - not provided; n.r. - not relevant.

- 1) Overall numbers include non-core water and sewerage activities.
- 2) Assets are valued at written down replacement cost
- 3) It is not possible to extract this information from the Brisbane City Council accounting system.
- 4) Residential real price movement for Sewerage only.
- 5) A Total Sprinkler Ban was in place for 43 days due to an Algae Bloom. Water restrictions are in place as garden sprinklers not held by hand are restricted to 36 hours per week.
- 6) This information does not include leaks and is where service is resumed within 8 hours.
- 7) Derived from the Agriculture and Resource Management Council of Australia and New Zealand (ARMCANZ) database in real 1995–96 dollars.

DEPARTMENT OF NATURAL RESOURCES, Queensland STATE WATER PROJECTS

Comments on own performance

DNR–State Water Projects is a business unit within the newly formed Department of Natural Resources — formerly reported as DPI Water Resources. The group provides a range of water supply and related operations to a range of public and private agricultural, industrial, and urban water supply clients along with water engineering consultancy and contract facilities management services to other agencies on a commercial basis. Operations of the group will be fully commercialised from 1 July 1997.

Corporate Overview

The Queensland Government is encouraging the introduction of arrangements for local management of irrigation schemes. Under these arrangements, DNR – State Water Projects principal objectives are to provide on a competitive basis:

- development of and supply of water from State owned water infrastructure;
- contract operation and maintenance services for public and privately owned water infrastructure; and
- planning, design and project management for public water infrastructure and related projects.

Further progress has been made towards the implementation of full accrual accounting including asset identification and valuation. Full cost allocation through the application of contemporary approaches has been established to properly identify the cost and value of services and functions as a basis for developing and meeting competitive requirements. Government subsidy / CSO arrangements are still to be resolved, and as a result, some elements of performance reporting are not possible or are incomplete.

Financial performance

Performance in terms of revenue/cost continues to improve as increased productivity and customer base are achieved. Asset performance remains low as a result of traditional Government multi-objective investment policies represented in those assets and the associated community service obligations and pricing policies under which the group continues to operate.

Non financial performance

Development of a range of non-financial performance indicators is continuing in terms of operating efficiency as well as traditional ‘product’ and services areas.

DEPARTMENT OF NATURAL RESOURCES, STATE WATER PROJECTS (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Financial Ratios (1)						
Return on assets	%	- 0.4	- 0.4	- 0.3	- 0.2	0.2
Return on operating assets	%	- 0.4	- 0.4	- 0.3	- 0.2	0.2
Operating sales margin	%	- 19.7	- 18.6	- 12.0	- 8.5	8.4
Return on equity	%	n.p.	n.p.	n.p.	n.p.	n.p.
Dividend to equity ratio	%	n.p.	n.p.	n.p.	n.p.	n.p.
Dividend payout ratio	%	n.p.	n.p.	n.p.	n.p.	n.p.
Debt to equity	%	n.p.	n.p.	n.p.	n.p.	n.p.
Total liabilities to equity	%	n.p.	n.p.	n.p.	n.p.	n.p.
Current ratio	%	n.p.	n.p.	n.p.	n.p.	n.p.
Interest cover	%	n.p.	n.p.	n.p.	n.p.	n.p.
Cost recovery ratio	%	83.5	84.3	89.3	92.2	109.2
Operational performance	%	- 0.4	- 0.4	- 0.3	- 0.2	0.2

Non-financial Ratios

GENERAL

Size

Total assets	\$'000	1 515	1 531	1 837	1 840	1 855
Total revenue (1)	\$'000	27	29	42	46	49

PUMPED IRRIGATION

Economic Factors

Total factor productivity	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Economic rate of return	%	n.p.	n.p.	n.p.	n.p.	n.p.

Efficiency

System water loss (as % of total volume supplied)	%	n.p.	n.p.	n.p.	n.p.	n.p.
OMA costs per 100km of mains	\$'000/ 100km	816	1 007	1 111	1 033	930
Employees per 1000 properties served	Emp/ '000Prop	59.00	60.00	52.00	50.17	45.65
Total days lost - total	%	n.p.	n.p.	n.p.	n.p.	n.p.

DEPARTMENT OF NATURAL RESOURCES, STATE WATER PROJECTS (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>PUMPED IRRIGATION (continued)</i>						
<i>Effectiveness</i>						
Real price index	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Real price movement						
- residential	Index	n.p.	n.p.	n.p.	n.p.	n.p.
- commercial	Index	n.p.	n.p.	n.p.	n.p.	n.p.
- industrial	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Properties served per km of main	No	2.1	2.1	2.4	2.5	2.5
<i>Size</i>						
Total employment	No	116	120	120	120	110
Pipeline length (water)	km	n.p.	n.p.	n.p.	n.p.	968
Properties served (water)	'000	2	2	2	2	2
Megalitres of water supplied	'000MI	434	806	693	602	498
<i>Cost & Revenue Measures</i>						
Average revenue received per property (water)	\$/Prop	7 415	7 650	8 099	7 938	8 298
Average revenue per kl (total)	\$/kl	0.03	0.02	0.03	0.03	0.04
OMA costs per property served	\$/Prop	3 973	4 876	4 634	4 494	3 735
<i>GRAVITY IRRIGATION</i>						
<i>Economic Factors</i>						
Total factor productivity	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Economic rate of return	%	n.p.	n.p.	n.p.	n.p.	n.p.
<i>Efficiency</i>						
System water loss (as % of total volume supplied)	%	n.p.	n.p.	n.p.	n.p.	n.p.
OMA costs per 100km of main	\$'000/ 100km	675	784	834	558	714
Employees per 1000 properties served	Emp/ '000Prop	47.50	41.90	48.20	43.80	38.00
Total days lost	%	n.p.	n.p.	n.p.	n.p.	n.p.

DEPARTMENT OF NATURAL RESOURCES, STATE WATER PROJECTS (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>GRAVITY IRRIGATION (continued)</i>						
<i>Effectiveness</i>						
Real price index	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Real price movement:						
- residential	Index	n.p.	n.p.	n.p.	n.p.	n.p.
- commercial	Index	n.p.	n.p.	n.p.	n.p.	n.p.
- industrial	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Properties served per km of main	No	2.2	2.3	2.1	2.2	2.3
<i>Size</i>						
Total employment	No	95	84	84	84	80
Pipeline length (water)	km	n.p.	n.p.	n.p.	n.p.	911
Properties served (water)	'000	2	2	2	2	2
Megalitres of water supplied	'000MI	384	342	478	421	421
<i>Cost & Revenue Measures</i>						
Average revenue received per property (water)	\$/Prop	5 674	6 357	5 324	4 453	4 762
Average revenue per kl (total)	\$/kl	0.02	0.03	0.02	0.02	0.02
OMA costs per property served	\$/Prop	3 030	3 452	3 973	3 330	3 095
<i>PRIVATE DIVERSION IRRIGATION</i>						
<i>Economic Factors</i>						
Total factor productivity	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Economic rate of return	%	n.p.	n.p.	n.p.	n.p.	n.p.
<i>Efficiency</i>						
System water loss (as % of total volume supplied)	%	n.p.	n.p.	n.p.	n.p.	n.p.
OMA costs per 100km of mains	\$'000/ 100km	n.p.	n.p.	n.p.	n.p.	n.p.
Employees per 1000 properties served	Emp/ '000Prop	22.20	22.30	27.70	21.76	21.00
Total days lost	%	n.p.	n.p.	n.p.	n.p.	n.p.

DEPARTMENT OF NATURAL RESOURCES, STATE WATER PROJECTS (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>PRIVATE DIVERSION IRRIGATION (continued)</i>						
<i>Effectiveness</i>						
Real price index	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Real price movement						
- residential	Index	n.p.	n.p.	n.p.	n.p.	n.p.
- commercial	Index	n.p.	n.p.	n.p.	n.p.	n.p.
- industrial	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Properties served per km of main	No	n.p.	n.p.	n.p.	n.p.	n.p.
<i>Size</i>						
Total employment	No	58	70	70	70	65
Pipeline length (water)	km	n.p.	n.p.	n.p.	n.p.	n.p.
Properties served (water)	'000	3	3	3	3	3
Megalitres of water supplied	'000MI	344	406	308	459	563
<i>Cost & Revenue Measures</i>						
Average revenue received per property (water)	\$/Prop	1 427	1 223	1 907	1 541	1 890
Average revenue per kl (total)	\$/kl	0.01	0.01	0.02	0.01	0.01
OMA costs per property served	\$/Prop	971	1 028	1 124	1 110	1 032
<i>DRAINAGE SCHEMES</i>						
<i>Economic Factors</i>						
Total factor productivity	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Economic rate of return	%	n.p.	n.p.	n.p.	n.p.	n.p.
<i>Efficiency</i>						
System water loss	%	n.p.	n.p.	n.p.	n.p.	n.p.
OMA costs per 100km of main	\$'000/ 100km	68	25	n.p.	n.p.	n.p.
Employees per 1000 properties served	Emp/ '000Prop	n.p.	n.p.	n.p.	n.p.	n.p.
Total days lost	%	n.p.	n.p.	n.p.	n.p.	n.p.
<i>Effectiveness</i>						
Real price index	Index	n.p.	n.p.	n.p.	n.p.	n.p.

DEPARTMENT OF NATURAL RESOURCES, STATE WATER PROJECTS (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>DRAINAGE SCHEMES (continued)</i>						
<i>Effectiveness</i>						
Real price movement:						
- residential	Index	n.p.	n.p.	n.p.	n.p.	n.p.
- commercial	Index	n.p.	n.p.	n.p.	n.p.	n.p.
- industrial	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Properties served per km of main	No	0.6	0.6	0.6	0.5	0.5
<i>Size</i>						
Total employment	No	n.p.	n.p.	n.p.	n.p.	n.p.
Pipeline length (water)	km	513	513	546	720	690
Properties served (water)	'000	0.3	0.3	0.3	0.3	0.4
<i>Cost & Revenue Measures</i>						
Average revenue received per property (water)	\$/Prop	2 218	2 233	n.p.	n.p.	n.p.
OMA costs per property served	\$/Prop	1 161	443	n.p.	n.p.	n.p.

NOTES TO INDICATORS FOR DEPARTMENT OF NATURAL RESOURCES

Key: n.p. - not provided; n.r. - not relevant.

- 1) Total revenue and total expenses are based on cash accounting.

GOLD COAST WATER**Queensland****Comments on own performance***Current operations*

Gold Coast Water provides integrated urban water supply, sewerage and trade waste services to consumers in the Gold Coast region. The provision of these services is inclusive of the ownership and operation of the Hinze Dam, which supplies some 90 per cent of urban water throughout the City. The range of customers include residential, commercial and industrial, and there are some 160 000 properties serviced with water and 150 000 properties serviced with sewerage. Environmental regulation of the business is provided by the State Government Department of Environment and Heritage.

The Council, in conjunction with the State Government, is presently determining the application of COAG's Competition Principles Agreement to the business of Gold Coast Water. To assist this process Council is currently undertaking a public benefit assessment to determine the benefits and costs to the community of competitive neutrality reforms which include the corporatisation of Gold Coast Water and the implementation of a user pays water pricing policy.

Financial performance

Gold Coast Water realised a 1.2 per cent reduction in operating costs per rateable property in 1995–96 and remains well below the national average; however this is in part due to the relatively high density of properties in the region.

The current cost provided for fixed assets is determined by a broad based valuation using non-rigorous current cost data for aggregated asset systems, and estimated asset economic life estimates. On the basis of these valuations Gold Coast Water has achieved an economic rate of return of 5.3 per cent for 1995–96.

Council has initiated the development of an Advanced Asset Management Plan for Gold Coast Water's assets, the objective being to better manage its assets realising a reduction in life cycle costs and an improved level of customer service.

Non-financial performance

The number of water main failures per 100 kilometres has increased by 6.5 per cent and sewer chokes per 100 kilometres is down by 4 per cent. Council has established a strategy to upgrade all of its wastewater treatment plants to tertiary standard (currently 13 per cent) by 2003. The percentage of unallocated water, being water lost through leakage, theft and defective meters, has been reduced by 15 per cent.

GOLD COAST WATER (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Financial Ratios						
Return on assets	%	n.p.	n.p.	n.p.	5.1	4.4
Return on operating assets	%	n.p.	n.p.	n.p.	4.9	4.2
Operating sales margin	%	n.p.	n.p.	n.p.	38.1	32.3
Return on equity	%	n.p.	n.p.	n.p.	3.6	3.2
Dividend to equity ratio	%	n.p.	n.p.	n.p.	0.0	0.0
Dividend payout ratio	%	n.p.	n.p.	n.p.	0.0	0.0
Debt to equity	%	n.p.	n.p.	n.p.	24.0	21.1
Total liabilities to equity	%	n.p.	n.p.	n.p.	24.0	22.0
Current ratio	%	n.p.	n.p.	n.p.	n.p.	3 493.0
Interest cover	%	n.p.	n.p.	n.p.	230.3	239.7
Cost recovery ratio	%	n.p.	n.p.	n.p.	158.5	143.0
Operational performance	%	n.p.	n.p.	n.p.	4.6	3.8
Non-financial Ratios						
<i>Economic Factors</i>						
Total factor productivity	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Economic rate of return (1)	%	n.p.	n.p.	n.p.	5.85	5.32
<i>Efficiency</i>						
System water loss (as % of total volume supplied)	%	n.p.	n.p.	n.p.	28.5	24.1
OMA cost per 100km of main:						
- water	\$'000/ 100km	n.p.	n.p.	n.p.	667	676
- sewerage	\$'000/ 100km	n.p.	n.p.	n.p.	990	1 013
- drainage	\$'000/ 100km	n.p.	n.p.	n.p.	n.p.	n.r.
Employees per 1000 properties served	Emp/ '000Prop	n.p.	n.p.	n.p.	2.60	2.42
Total days lost	%	n.p.	n.p.	n.p.	5.40	3.70
<i>Effectiveness</i>						
Real price index	Index	n.p.	n.p.	n.p.	100.00	95.60
Real price movement:						
- residential	Index	n.p.	n.p.	n.p.	n.p.	n.p.
- commercial	Index	n.p.	n.p.	n.p.	n.p.	n.p.
- industrial	Index	n.p.	n.p.	n.p.	n.p.	n.p.

GOLD COAST WATER (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>Effectiveness (continued)</i>						
Properties served per km of main:						
- water	No/km	n.p.	n.p.	n.p.	71.9	74.1
- sewerage mains	No/km	n.p.	n.p.	n.p.	66.8	68.9
- drainage	No/km	n.p.	n.p.	n.p.	n.p.	n.r.
Unsewered properties (% of total properties)	%	n.p.	n.p.	n.p.	6.3	6.3
Flooding incidents per 100 km of main (sewers)	No/100km	n.p.	n.p.	n.p.	n.p.	n.p.
<i>Service Quality</i>						
Compliance with sewerage effluent standards	%	96.2	95.6	95.3	97.4	99.5
Compliance with water quality standards	%	n.p.	n.p.	n.p.	99.0	100.0
Water restrictions	%	57.0	57.0	57.0	57.0	57.0
Properties with service interruption	%	n.p.	n.p.	n.p.	n.p.	n.p.
Average interruption duration	Hr	2.0	2.0	2.0	2.0	n.p.
Service restored within 5 hours	%	n.p.	92.0	93.0	94.0	91.0
Customer satisfaction results	%	n.p.	n.p.	n.p.	n.p.	n.p.
Main breaks per 100 km (water)	No/100km	n.p.	n.p.	n.p.	20.2	21.5
Sewer chokes per 100 km	No/100km	n.p.	n.p.	n.p.	66.4	64.0
<i>Size</i>						
Total assets	\$M	n.p.	n.p.	n.p.	942	995
Total revenue	\$M	n.p.	n.p.	n.p.	117	120
Total employment	No	n.p.	n.p.	n.p.	399	387
Pipeline length:						
- water	km	n.p.	n.p.	n.p.	2 128	2 159
- sewerage	km	n.p.	n.p.	n.p.	2 156	2 177
- drainage	km	n.r.	n.r.	n.r.	n.r.	n.r.
Properties served:						
- water	'000	n.p.	n.p.	n.p.	153	160
- sewerage	'000	n.p.	n.p.	n.p.	144	150
- drainage	'000	n.r.	n.r.	n.r.	n.r.	n.r.
New housing allotments served	No	n.p.	n.p.	n.p.	4 448	7 298
Megalitres of water supplied	'000 MI	55	58	54	60	56
Volume of sewage treated	'000 MI	35	41	37	36	40

Size (continued)

GOLD COAST WATER (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Sewage treatment ratios:						
- primary	%	0.0	0.0	0.0	0.0	0.0
- secondary	%	100.0	100.0	100.0	87.0	87.0
- tertiary	%	0.0	0.0	0.0	13.0	13.0
<i>Cost & Revenue Measures</i>						
Average revenue received per property:						
- water	\$/Prop	n.p.	n.p.	n.p.	373	368
- sewerage	\$/Prop	n.p.	n.p.	n.p.	415	405
- drainage	\$/Prop	n.r.	n.r.	n.r.	n.r.	n.r.
Average revenue per kl:						
- residential	\$/kl	n.p.	n.p.	n.p.	n.p.	n.p.
- commercial	\$/kl	n.p.	n.p.	n.p.	n.p.	n.p.
- industrial	\$/kl	n.p.	n.p.	n.p.	n.p.	n.p.
- other	\$/kl	n.p.	n.p.	n.p.	n.p.	n.p.
- total	\$/kl	n.p.	n.p.	n.p.	2.72	2.53
OMA costs per property served:						
- water	\$/Prop	n.p.	n.p.	n.p.	103	107
- sewerage	\$/Prop	n.p.	n.p.	n.p.	148	147
- drainage	\$/Prop	n.r.	n.r.	n.r.	n.r.	n.r.

NOTES TO INDICATORS FOR GOLD COAST WATER

Key: n.p. - not provided; n.r. - not relevant.

- 1)
$$\text{Economic Rate of Return} = \frac{\text{Revenue from operations less (Replacement cost depr + OMA)}}{\text{WDV of assets.}}$$

SOUTH AUSTRALIAN WATER CORPORATION

South Australia

Comments on own performance

1995–96 has been one of substantial achievement for SA Water. The Corporation has lowered its cost structure, established the foundation for improved financial performance, and is now playing a pivotal economic development role. Key elements included corporatisation, contracting out, economic development, increased private sector involvement in infrastructure and the performance improvement of retained functions.

Current operations

The SA Water Corporation provides services to both the metropolitan and country areas for water and sewerage, irrigation and drainage and, community services programs were transferred from the Engineering and Water Supply Department (EWS) to the Minister for Infrastructure on creation of the SA Water Corporation on 1 July 1995.

Commercial achievement

SA Water has reported a profit after tax for 1995–96 of \$67 million. Operating profit before abnormal items and income tax equivalent at \$78 million was marginally down \$3 million from 1994–95. This was in the context of a fall of \$25 million in total revenue to \$423 million. Revenue fell as a result of the downturn in the building sector, reduced proceeds from sale of assets and the exclusion of revenue associated with Irrigation and Drainage. Total expenditure for 1995–96 was \$345 million, down \$22 million from 1994–95, as a result of reduced depreciation, cost efficiencies, asset sales and the exclusion of Irrigation and Drainage expenditure.

Non Financial Performance

Up to 1 January 1996, SA Water directly provided Adelaide water services. From January, United Water's performance has been measured against 69 criteria, and its overall performance has been good. The average number of water main bursts per thousand customers in Adelaide was down on last year. This can be attributed to milder climatic conditions through the year.

In Adelaide the number of wastewater main blockages remained virtually unchanged from the previous year and response times to attend improved significantly. Major rehabilitation work continued at wastewater treatment plants.

The Adelaide Hills systems, serving some 16 000 customers, transferred to the Country Division in January 1996, following the contracting out of the management and operations of the Adelaide metropolitan systems. Response times to sewerage service interruptions in country areas complied with performance targets.

SOUTH AUSTRALIAN WATER CORPORATION (cont.)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Financial Ratios - all undertakings (1-5, 9)						
Return on assets	%	1.6	1.0	2.0	2.3	2.3
Return on operating assets	%	1.5	1.0	2.0	2.2	2.3
Operating sales margin	%	19.3	13.1	24.9	25.2	28.4
Return on equity	%	- 1.6	- 2.0	- 0.3	0.0	- 0.2
Dividend to equity ratio	%	0.0	0.0	0.0	1.6	1.0
Dividend payout ratio	%	0.0	0.0	0.0	-6 347.4	- 493.1
Debt to equity	%	28.1	28.3	26.7	25.8	27.8
Total liabilities to equity	%	29.6	30.3	28.5	27.6	30.2
Current ratio	%	337.8	187.0	152.2	85.5	45.9
Interest cover	%	56.8	40.4	89.8	99.1	103.9
Cost recovery ratio	%	134.3	128.4	133.1	138.5	139.1
Operational performance	%	2.0	1.7	2.0	2.4	2.3
Non-financial Ratios - all undertakings						
<i>Economic Factors</i>						
Total factor productivity	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Economic rate of return	%	2.40	1.99	2.46	2.02	2.57
<i>Efficiency</i>						
OMA costs per 100km of main	\$'000	n.r.	n.r.	n.r.	n.r.	n.r.
Total days lost	%	n.p.	n.p.	n.p.	n.p.	n.p.
<i>Effectiveness</i>						
Real price index	Index	109.60	110.40	109.40	112.40	112.10
<i>Size</i>						
Total assets (9)	\$M	4 494	4 582	4 660	4 787	4 921
Total revenue	\$M	361	345	376	417	398
Total employment	No	3 705	3 254	2 601	2 153	1 833

SOUTH AUSTRALIAN WATER CORPORATION (cont.)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Financial Ratios - Metropolitan (1-5)						
Return on assets	%	3.7	3.2	4.2	4.7	4.7
Return on operating assets	%	3.6	3.2	4.2	4.6	4.6
Operating sales margin	%	36.4	33.3	42.3	42.6	45.6
Return on equity	%	1.3	1.1	2.1	2.7	2.3
Dividend to equity ratio	%	0.0	0.0	0.0	2.7	1.7
Dividend payout ratio	%	0.0	0.0	0.0	99.8	71.8
Debt to equity	%	26.3	26.8	25.4	30.3	27.2
Total liabilities to equity	%	27.9	28.8	27.4	32.1	29.4
Current ratio	%	388.8	187.0	152.2	99.7	57.3
Interest cover	%	137.5	137.4	163.1	178.8	202.6
Cost recovery ratio	%	167.6	169.5	173.4	175.9	181.2
Operational performance	%	4.0	3.9	4.2	4.6	4.6

Non-financial Ratios - Metropolitan*Economic Factors*

Total factor productivity	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Economic rate of return	%	4.11	3.99	4.15	4.56	4.53

Efficiency

System water loss (as % of total volume supplied)	%	8.8	16.8	17.3	12.5	19.5
OMA cost per 100km of main:						
- water	\$'000/ 100km	721	678	697	828	733
- sewerage	\$'000/ 100km	737	650	682	735	682
- drainage	\$'000/ 100km	n.r.	n.r.	n.r.	n.r.	n.r.
Employees per 1000 properties served:						
- water	Emp/ '000Prop	3.00	2.80	2.30	1.70	1.25
- sewerage	Emp/ '000Prop	2.80	1.90	1.40	1.50	1.05
Total days lost	%	n.p.	n.p.	n.p.	n.p.	n.p.

METROPOLITAN (continued)

SOUTH AUSTRALIAN WATER CORPORATION (cont.)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>Effectiveness</i>						
Real price index	Index	109.60	110.40	109.40	112.40	112.10
Real price movement residential:						
- sewerage	Index	104.40	105.80	103.70	100.60	104.80
- water	Index	113.60	114.00	113.80	121.50	122.20
Real price movement commercial:						
- sewerage	Index	104.40	105.80	103.70	100.60	95.10
- water	Index	113.60	114.00	113.80	121.50	122.20
Real price movement industrial:						
- sewerage	Index	104.40	105.80	103.70	100.60	90.20
- water	Index	113.60	114.00	113.80	121.50	122.20
Properties served per km of main:						
- water	No/km	48.3	48.7	49.1	52.5	50.5
- sewerage mains	No/km	64.5	64.9	65.2	65.9	66.1
- drainage	No/km	n.r.	n.r.	n.r.	n.r.	n.r.
Unsewered properties (% of total properties) (11)	%	9.30	9.30	9.40	9.50	5.00
Flooding incidents per 100 km of main (sewers)	No/100km	15.50	25.10	24.70	23.60	21.80
<i>Service Quality</i>						
Compliance with sewerage effluent standards (10)	%	67.00	73.00	43.00	62.00	92.00
Compliance with water quality standards (7)	%	98.10	97.20	97.80	99.00	99.00
Water restrictions	%	0.00	0.00	0.00	0.00	0.00
Properties with service interruption	%	n.p.	n.p.	n.p.	n.p.	n.p.
Average interruption duration	Hr	n.p.	n.p.	n.p.	n.p.	n.p.
Service restored within 5 hours	%	53.00	57.40	51.40	54.70	92.60
Customer satisfaction results	%	n.p.	n.p.	n.p.	n.p.	n.p.
Main breaks per 100 km (water)	No/100km	19.7	17.7	25.9	29.1	26.0
Sewer chokes per 100 km	No/100km	49.8	45.4	56.8	63.8	63.1
<i>Size</i>						
Total assets	\$M	2 818	2 862	2 900	2 972	3 047
Total revenue	\$M	280	271	284	318	307
Total employment	No	2 360	1 985	1 572	1 390	985

METROPOLITAN (continued)

SOUTH AUSTRALIAN WATER CORPORATION (cont.)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Size (continued)						
Pipeline length:						
- water (8)	km	8 882	8 968	9 060	8 621	8 676
- sewerage	km	6 022	6 101	6 174	6 227	6 294
- drainage	km	n.r.	n.r.	n.r.	n.r.	n.r.
Properties served:						
- water	'000	429	437	445	453	438
- sewerage	'000	389	396	403	410	416
- drainage	'000	n.r.	n.r.	n.r.	n.r.	n.r.
New housing allotments served	No	2 840	8 313	19 855	9 073	4 000
Megalitres of water supplied	'000MI	167	150	174	176	173
Volume of sewage treated	'000MI	92	92	93	90	86
Sewage treatment ratios:						
- primary	%	0.00	0.00	0.00	0.00	0.00
- secondary	%	100.00	100.00	100.00	100.00	100.00
- tertiary	%	0.00	0.00	0.00	0.00	0.00
Cost & Revenue Measures						
Average revenue received per property:						
- water	\$/Prop	371	332	346	365	354
- sewerage	\$/Prop	304	314	319	356	363
- drainage	\$/Prop	n.r.	n.r.	n.r.	n.r.	n.r.
Average revenue per kl:						
- residential	\$/kl	0.92	0.98	0.93	0.93	1.00
- commercial	\$/kl	2.52	2.69	2.44	2.22	2.34
- industrial	\$/kl	0.93	1.02	0.96	0.94	0.88
- other	\$/kl	1.01	1.11	1.02	0.98	0.92
- total	\$/kl	1.03	1.11	1.04	1.00	1.05
OMA costs per property served:						
- water	\$/Prop	149	139	142	158	145
- sewerage	\$/Prop	114	100	105	112	103
- drainage	\$/Prop	n.r.	n.r.	n.r.	n.r.	n.r.

Financial Ratios - Country (1-5)

Return on assets	%	- 0.9	- 1.7	- 0.3	- 0.4	- 0.2
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SOUTH AUSTRALIAN WATER CORPORATION (cont.)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Return on operating assets	%	- 0.9	- 1.7	- 0.3	- 0.4	- 0.2
Operating sales margin	%	- 22.3	- 45.9	- 7.1	- 7.7	- 4.0
Return on equity	%	- 4.2	- 5.0	- 2.3	- 2.3	- 2.7
Dividend to equity ratio	%	0.0	0.0	0.0	0.0	0.0
Dividend payout ratio	%	0.0	0.0	0.0	0.0	0.0
Debt to equity	%	23.5	23.8	22.8	16.0	27.2
Total liabilities to equity	%	24.5	25.2	24.0	17.1	29.1
Current ratio	%	253.9	187.0	152.2	59.8	28.8
Interest cover	%	- 36.9	- 71.6	- 18.6	- 22.9	- 8.1
Cost recovery ratio	%	85.5	75.1	93.4	94.1	93.1
Operational performance	%	- 0.7	- 1.2	- 0.3	- 0.3	- 0.3

Non-financial Ratios - Country*Economic Factors*

Total factor productivity	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Economic rate of return	%	-0.53	-1.04	-0.30	-0.20	-0.33

Efficiency

System water loss (as % of total volume supplied)	%	18.7	28.6	27.8	24.0	25.8
OMA cost per 100km of main:						
- water	\$'000/ 100km	267	265	235	259	263
- sewerage	\$'000/ 100km	738	872	969	911	1 006
- drainage	\$'000/ 100km	n.r.	n.r.	n.r.	n.r.	n.r.
Employees per 1000 properties served:						
- water	Emp/ '000Prop	5.20	5.20	3.50	3.00	2.75
- sewerage	Emp/ '000Prop	3.70	3.80	3.20	2.30	2.25
Total days lost - total	%	n.p.	n.p.	n.p.	n.p.	n.p.

COUNTRY (continued)*Effectiveness*

Real price index	Index	109.60	110.40	109.40	112.40	112.10
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SOUTH AUSTRALIAN WATER CORPORATION (cont.)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Real price movement residential:						
- sewerage	Index	104.40	105.80	103.70	100.60	104.80
- water	Index	113.60	114.00	113.80	121.50	122.20
Real price movement commercial:						
- sewerage	Index	104.40	105.80	103.70	100.60	95.10
- water	Index	113.60	114.00	113.80	121.50	122.20
Real price movement industrial:						
- sewerage	Index	104.40	105.80	103.70	100.60	90.20
- water	Index	113.60	114.00	113.80	121.50	122.20
Properties served per km of main:						
- water	No/km	9.1	9.2	9.4	9.1	10.5
- sewerage	No/km	53.3	53.6	53.5	52.6	53.4
- drainage	No/km	n.r.	n.r.	n.r.	n.r.	n.r.
Unsewered properties (% of total properties) (11)	%	62.70	62.40	62.30	61.80	66.27
Flooding incidents per 100 km of main (sewers) (6)	No/100km	n.r.	n.r.	n.r.	n.r.	5.43
<i>Service Quality</i>						
Compliance with sewerage effluent standards (10)	%	n.r.	77.00	79.00	n.r.	83.00
Compliance with water quality standards (7)	%	96.00	96.10	96.90	96.00	96.00
Water restrictions	%	0.00	0.00	0.00	0.00	0.00
Properties with service interruption	%	n.p.	n.p.	n.p.	n.p.	n.p.
Average interruption duration	Hr	n.p.	n.p.	n.p.	n.p.	n.p.
Service restored within 5 hours	%	n.p.	n.p.	n.p.	n.p.	n.p.
Customer satisfaction results	%	n.p.	n.p.	n.p.	n.p.	n.p.
Main breaks per 100 km (water)	No/100km	7.4	8.4	7.6	7.6	8.8
Sewer chokes per 100 km (6)	No/100km	17.4	17.2	19.0	18.5	25.2
<i>Size</i>						
Total assets	\$M	1 745	1 761	1 773	1 806	1 849
Total revenue	\$M	71	64	74	82	82
Total employment	No	924	930	676	552	583

COUNTRY (continued)***Size (continued)***

Pipeline length:

SOUTH AUSTRALIAN WATER CORPORATION (cont.)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
- water (8)	km	15 268	15 288	15 303	15 781	15 805
- sewerage	km	978	991	1 010	1 041	1 049
- drainage	km	n.r.	n.r.	n.r.	n.r.	n.r.
Properties served:						
- water	'000	140	141	143	144	166
- sewerage	'000	52	53	54	55	56
- drainage	'000	n.r.	n.r.	n.r.	n.r.	n.r.
New housing allotments served	No	379	1 824	5 901	1 673	1 000
Megalitres of water supplied	'000MI	74	65	78	79	79
Volume of sewage treated	'000MI	8	9	9	n.p.	8
Sewage treatment ratios:						
- primary	%	0.00	0.00	0.00	0.00	0.00
- secondary	%	100.00	100.00	100.00	100.00	99.00
- tertiary	%	0.00	0.00	0.00	0.00	0.00
<i>Cost & Revenue Measures</i>						
Average revenue received per property:						
- water	\$/Prop	421	352	409	449	382
- sewerage	\$/Prop	234	261	284	307	335
- drainage	\$/Prop	n.r.	n.r.	n.r.	n.r.	n.r.
Average revenue per kl:						
- residential	\$/kl	0.89	0.97	0.96	0.95	1.05
- commercial	\$/kl	1.44	1.64	1.62	1.61	1.38
- industrial	\$/kl	0.89	0.91	0.87	0.92	0.88
- other	\$/kl	0.94	1.01	0.96	0.95	0.97
- total	\$/kl	0.93	1.00	0.97	0.96	1.01
OMA costs per property served:						
- water	\$/Prop	293	287	251	284	250
- sewerage	\$/Prop	139	163	181	173	189
- drainage	\$/Prop	n.r.	n.r.	n.r.	n.r.	n.r.

SOUTH AUSTRALIAN WATER CORPORATION (cont.)

NOTES TO INDICATORS FOR SOUTH AUSTRALIAN WATER CORPORATION

Key: n.p. - not provided; n.r. - not relevant.

- 1) The asset valuation and depreciation data are based on a comprehensive review undertaken in 1995–96 upon the implementation of deprival valuation of assets and back-cast for consistency over the time series. The data are not consistent with the series published in last years' Steering Committee report.
- 2) The aggregations used for the financial performance measures in this return are: Metropolitan (M) – aggregate results for metropolitan water supply and metropolitan sewerage services; Country (C) – aggregate of country water supply country sewerage undertakings; Total (T) – result for the full range of SA Water undertakings, including the metropolitan and country aggregates, non-business undertakings and contributions by the South Australian Government towards the provision of services. The 1995–96 “Total” performance measures do not include irrigation undertakings. Assets and liabilities from the *Irrigation Act 1994* which were controlled by EWS were not vested with SA Water.
- 3) Metropolitan and Country boundaries were redefined in 1995–96.
- 4) A number of measures in the non-financial section relate to the number of properties served. The figures used for the return to this survey do not align with those given in the Annual Reports for the same period due to the change in definition of a property served. Annual Report figures are based on the number of connections, while this survey uses numbers based on the number of assessments.
- 5) Effective from 1 July 1995, SA Water was designated a State Trading Enterprise for the purposes of the South Australian Substantive Taxation Equivalent Regime.
- 6) Until 1995–96 there has been no differentiation between floodings and chokes for country centres.
- 7) Water quality targets — In many cases they are based on the NHMRC Guide-lines. Because of difficulties in determining appropriate weighting between various types of testing, the figures given relate to the results for Faecal Coliforms as defined below: Metropolitan Filtered Faecal coliforms – absent (in 101 mL) in 95 per cent of routine samples; count in remainder should not exceed 2/100 mL. Non Metropolitan (Adelaide Hills and Country Centres with population of 1 000 or more) Type 1: faecal coliforms – absent (in 100 mL) in 95 percent of routine samples; count in remainder should not exceed 2/100 mL. Type 2: faecal coliforms – absent (in 100 mL) in 90 per cent of routine samples; count in remainder should not exceed 2/100 mL. Type 1 includes filtered, disinfected and good ground waters. Type 2: unfiltered and others.
- 8) Pipeline length — Water: Supply zone boundaries were redefined in 1994–95.

SOUTH AUSTRALIAN WATER CORPORATION (cont.)

NOTES TO INDICATORS FOR SOUTH AUSTRALIAN WATER CORPORATION (continued)

9) Asset revaluations.

<i>Category of asset</i>	<i>Method of valuation</i>	<i>Date of revaluation</i>	<i>Impact of revaluation</i>
Infrastructure assets	ODV	30 June 1996	\$2575 million
Land and buildings	ODV	30 June 1996	\$150 million
Plant and equipment	Historic cost	n/a	n/a
Other	Historic cost	n/a	n/a

10) Figures refer to performance against internal targets; 100 per cent EPA Licence achieved.

11) Marked change in this indicator for both Metropolitan and Non-Metropolitan sectors results from reclassification of unsewered outer-metropolitan districts to the Non-Metropolitan sector.

WATER CORPORATION**Western Australia****Comments on own performance**

The Water Corporation was established on 1 January 1996, following a major restructure of the Western Australian water industry. The Water Corporation is a business enterprise operating the utility functions previously the responsibility of the Water Authority of Western Australia. The Corporation provides public water supply, sewerage, drainage and irrigation services to a population of over 1.7 million in more than 300 towns and communities throughout Western Australia.

Financial performance

The financial performance for the first six months to 31 December 1995 relates to the Water Authority whilst the latter six months relates to the Water Corporation.

The operating result for 1995–96 reflected a decline due to the following reasons:

- a reduction in water sales due to the combined effect of daytime sprinkler bans and a relatively mild summer; and
- the Authority/Corporation incurred significant expenditure on severance payments as a result of a major re-engineering and contracting to the private sector many of the activities previously carried out by the Water Authority.

Non-financial performance

The Water Authority/Corporation's effectiveness indicators have generally shown steady improvement, which highlights the Authority/Corporation's commitment to the overall needs of the community of Western Australia.

WATER CORPORATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Financial Ratios - all undertakings (1,2)						
Return on assets	%	1.4	1.6	1.9	1.9	1.5
Return on operating assets	%	1.1	1.3	1.8	1.6	1.2
Operating sales margin	%	12.9	15.7	23.6	23.6	17.0
Return on equity	%	- 0.1	- 0.3	0.7	0.9	0.3
Dividend to equity ratio	%	0.4	0.4	0.4	0.4	0.8
Dividend payout ratio	%	- 291.8	- 142.4	59.7	39.8	294.8
Debt to equity	%	14.5	17.3	11.2	10.5	9.0
Total liabilities to equity	%	18.0	21.6	14.4	13.9	12.3
Current ratio	%	480.6	442.0	466.4	480.1	399.1
Interest cover	%	92.8	87.2	143.1	172.0	154.0
Cost recovery ratio	%	123.0	124.6	131.8	130.9	130.3
Operational performance	%	1.6	1.7	1.8	1.6	1.6
Non-financial Ratios - all undertakings						
<i>Economic Factors</i>						
Total factor productivity	Index	n.p.	100.0	103.4	104.5	n.p.
Economic rate of return	%	n.p.	n.p.	n.p.	n.p.	n.p.
<i>Efficiency</i>						
System water loss (as % of total volume supplied)	%	n.p.	n.p.	n.p.	n.p.	n.p.
OMA costs per 100km of main	\$'000/ 100km	499	504	541	565	578
Employees per 1000 properties served	Emp/ '000Prop	3.02	2.90	2.66	2.39	1.40
Total days lost	%	3.50	4.00	3.20	4.90	4.70
<i>Effectiveness</i>						
Real price index	Index	101.10	101.60	105.70	107.90	103.90
Real price movement:						
- residential	Index	104.70	103.30	108.90	112.40	109.10
- commercial	Index	104.70	103.40	104.70	105.30	100.10
- industrial	Index	100.30	99.10	100.30	100.85	100.10
Properties served per km of main:						
- water	No/km	25.7	25.8	26.5	26.9	26.8
- sewerage	No/km	57.3	57.1	58.4	59.2	58.0
- drainage	No/km	95.7	94.4	86.9	90.3	91.1
- irrigation	No/km	1.9	1.7	1.8	1.9	2.0

WATER CORPORATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>ALL UNDERTAKINGS (continued)</i>						
<i>Effectiveness (continued)</i>						
Unsewered properties (% of total properties)	%	34.3	33.7	32.7	31.7	29.8
Flooding incidents per 100 km of main (sewers)	No/100km	3.8	8.2	4.4	12.2	9.1
<i>Service Quality</i>						
Compliance with sewerage effluent standards	%	n.p.	88.0	100.0	100.0	100.0
Compliance with water quality standards	%	96.0	96.0	98.0	97.0	97.0
Water restrictions	%	1.2	0.4	0.7	0.0	0.0
Properties with service interruption	%	n.p.	n.p.	n.p.	n.p.	n.p.
Average interruption duration	Hr	n.p.	n.p.	n.p.	n.p.	n.p.
Service restored within 5 hours	%	n.p.	n.p.	n.p.	n.p.	n.p.
<i>Customer satisfaction results</i>						
- water	%	85.0	83.0	82.0	86.0	n.p.
- sewerage	%	92.0	96.0	96.0	98.0	n.p.
- drainage	%	82.0	n.p.	63.0	71.0	n.p.
Main breaks per 100 km (water)	No/km	11.0	19.0	17.0	19.0	19.0
Sewer chokes per 100 km	No/km	25.0	29.0	36.0	37.0	29.0
<i>Size</i>						
Total assets (1)	\$M	5 547	5 807	7 913	8 236	8 436
Total revenue	\$M	466	479	519	560	579
Total employment	Emp	4042	3956	3757	3519	2054
<i>Pipeline length:</i>						
- water	km	25 382	25 872	26 038	26 446	27 205
- sewerage	km	7 587	7 865	8 107	8 345	8 954
- drainage	km	2 595	2 603	2 896	2 899	2 900
<i>Properties served:</i>						
- water	'000	653	668	690	712	728
- sewerage	'000	435	449	471	494	519
- drainage	'000	249	246	252	262	264
New housing allotments served	No	13 084	16 416	19 211	18 850	13 696
Megalitres of water supplied	'000MI	295	297	335	315	315
Volume of sewage treated	'000MI	91	91	95	96	101

ALL UNDERTAKINGS (continued)

WATER CORPORATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>Size (continued)</i>						
Sewage treatment ratios:						
- primary	%	38.0	38.0	36.0	36.0	36.0
- secondary	%	62.0	62.0	64.0	64.0	64.0
- tertiary	%	0.0	0.0	0.0	0.0	0.0
<i>Cost & Revenue Measures</i>						
Average revenue received per property:						
- water	\$/Prop	371	369	393	398	381
- sewerage	\$/Prop	395	406	415	425	417
- drainage	\$/Prop	57	61	56	57	59
Average revenue per kl:						
- residential	\$/kl	n.p.	n.p.	n.p.	n.p.	n.p.
- commercial	\$/kl	n.p.	n.p.	n.p.	n.p.	n.p.
- industrial	\$/kl	n.p.	n.p.	n.p.	n.p.	n.p.
- other	\$/kl	n.p.	n.p.	n.p.	n.p.	n.p.
- total	\$/kl	n.p.	n.p.	n.p.	n.p.	n.p.
OMA costs per property served:						
- water	\$/Prop	218	176	180	188	196
- sewerage	\$/Prop	124	123	134	137	137
- drainage	\$/Prop	29	31	35	33	34
- irrigation	\$/Prop	7 127	4 754	5 610	4 507	4 979

Financial Ratios - Metropolitan

WATER CORPORATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Return on assets	%	3.8	3.8	4.0	3.7	3.3
Return on operating assets	%	3.5	3.7	4.1	3.6	3.3
Operating sales margin:						
- water	%	33.1	35.2	48.2	44.5	38.5
- sewerage	%	39.6	42.8	45.0	45.8	43.4
- drainage	%	14.6	14.8	12.8	17.7	22.2
- total	%	35.3	37.9	45.4	44.1	40.2
Return on equity	%	2.4	2.7	3.3	3.1	2.5
Dividend to equity ratio						
- water	%	0.2	0.2	0.2	0.2	1.1
- sewerage	%	0.2	0.2	0.2	0.2	0.7
- drainage	%	0.0	0.0	0.0	0.0	0.0
- total	%	0.4	0.4	0.5	0.4	1.9
Dividend payout ratio:						
- water	%	16.2	15.4	11.5	12.0	94.4
- sewerage	%	19.8	15.9	15.9	13.4	57.2
- drainage	%	109.2	87.2	129.4	38.9	67.6
- total	%	18.3	16.1	13.8	13.0	75.4
Debt to equity	%	17.8	15.1	9.6	8.9	6.8
Total liabilities to equity	%	21.7	19.8	13.2	12.4	11.2
Current ratio	%	1 681.0	1 073.2	1 648.3	1 688.0	871.9
Interest cover:						
- water	%	273.1	309.6	495.9	532.1	645.8
- sewerage	%	177.9	212.6	270.9	317.2	417.7
- drainage	%	121.1	131.8	130.8	207.4	380.7
- total	%	211.1	245.7	351.1	392.8	499.5
Cost recovery ratio:						
- water	%	164.3	166.6	194.8	180.3	180.7
- sewerage	%	179.9	185.4	183.1	184.6	190.8
- drainage	%	130.6	128.9	115.7	121.4	144.7
- total	%	169.2	172.7	184.6	179.0	183.6
Operational performance	%	4.1	4.1	4.2	3.6	3.7

Non-financial Ratios - Metropolitan

WATER CORPORATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>Efficiency</i>						
System water loss (as % of total volume supplied)	%	7.0	11.3	13.3	n.p.	n.p.
OMA cost per 100km of main:						
- water	\$'000/ 100km	560	557	555	645	618
- sewerage	\$'000/ 100km	651	677	758	794	744
- drainage	\$'000/ 100km	646	717	862	827	741
- total	\$'000/ 100km	598	607	643	707	671
Employees per 1000 properties served	Emp/ '000Prop	2.7	2.6	2.3	2.1	1.0
Total days lost	%	n.p.	n.p.	n.p.	n.p.	n.p.
<i>Effectiveness</i>						
Real price index	Index	101.20	101.70	105.90	108.20	104.30
Real price movement:						
- residential	Index	101.20	101.70	107.20	110.70	107.70
- commercial	Index	101.10	101.60	103.90	104.30	99.00
- industrial	Index	101.10	101.60	103.90	104.30	99.00
Properties served per km of main:						
- water	No/100km	48.3	48.9	50.1	50.7	49.5
- sewerage	No/100km	61.1	61.3	62.2	63.5	61.0
- drainage	No/100km	289.0	281.6	287.4	295.1	297.6
Unsewered properties (% of total properties)	%	25.9	25.3	24.3	23.3	21.1
Flooding incidents per 100 km of main (sewers)	No/100km	4.5	10.0	5.4	11.2	7.0
<i>Service Quality</i>						
Compliance with sewerage effluent standards	%	n.p.	n.p.	100.0	100.0	100.0
Compliance with water quality standards	%	99.0	97.0	99.0	99.0	98.0
Water restrictions	%	0.0	0.0	0.0	66.3	0.0
Properties with service interruption	%	n.p.	n.p.	n.p.	n.p.	n.p.
Average interruption duration	Hr	n.p.	n.p.	n.p.	n.p.	n.p.
Service restored within 5 hours	%	n.p.	n.p.	n.p.	n.p.	n.p.

METROPOLITAN (continued)***Service Quality (continued)***

WATER CORPORATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Customer satisfaction results:						
- water	%	n.p.	n.p.	83.0	86.0	n.p.
- sewerage	%	n.p.	n.p.	96.0	97.0	n.p.
- drainage	%	n.p.	n.p.	63.0	71.0	n.p.
Main breaks per 100 km (water)	No/100km	7.8	11.0	12.8	9.8	9.0
Sewer chokes per 100 km	No/100km	26.0	29.0	36.0	34.4	25.0
Size						
Total assets	\$M	3 852	4 004	5 365	5 666	5 972
Total revenue	\$M	361	370	398	429	445
Total employment	No	2 859	2 806	2 653	2 425	1 248
Pipeline length:						
- water	km	10 057	10 182	10 270	10 511	11 003
- sewerage	km	5 890	6 064	6 266	6 438	7 041
- drainage	km	798	806	812	815	816
Properties served:						
- water	'000	486	498	515	533	544
- sewerage	'000	360	372	390	409	429
- drainage	'000	230	227	233	241	243
New housing allotments served	No	10 769	13 000	14 104	14 476	10 228
Megalitres of water supplied	'000 MI	203	217	229	215	214
Volume of sewage treated	'000 MI	77	76	78	80	83
Sewage treatment ratios:						
- primary	%	42.0	44.0	43.0	43.0	43.0
- secondary	%	59.0	56.0	57.0	57.0	57.0
- tertiary	%	0.0	0.0	0.0	0.0	0.0
Cost & Revenue Measures						
Average revenue received per property:						
- water	\$/Prop	345	344	362	364	345
- sewerage	\$/Prop	412	422	431	439	427
- drainage	\$/Prop	57	61	61	62	64

METROPOLITAN (continued)**Cost & Revenue Measures (continued)**

Average revenue per kl :

WATER CORPORATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
- residential	\$/kl	n.p.	n.p.	n.p.	n.p.	n.p.
- commercial	\$/kl	n.p.	n.p.	n.p.	n.p.	n.p.
- industrial	\$/kl	n.p.	n.p.	n.p.	n.p.	n.p.
- other	\$/kl	n.p.	n.p.	n.p.	n.p.	n.p.
- total	\$/kl	n.p.	n.p.	n.p.	n.p.	n.p.
OMA costs per property served:						
- water	\$/Prop	141	114	111	127	125
- sewerage	\$/Prop	115	110	122	125	122
- drainage	\$/Prop	22	25	30	28	25

Financial Ratios - Country

Return on assets	%	- 3.7	- 3.5	- 2.5	- 2.0	- 2.9
Return on operating assets	%	- 3.4	- 3.2	- 2.3	- 1.8	- 2.6

WATER CORPORATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Operating sales margin:						
- water	%	- 52.1	- 50.5	- 37.3	- 30.3	- 45.4
- sewerage	%	- 2.7	- 1.1	6.4	10.5	6.7
- drainage	%	- 378.7	- 251.8	-3 921.0	-3 098.1	13 364.7
- irrigation	%	- 251.3	- 214.0	- 155.2	- 129.7	- 386.3
- water resources	%	-1 583.0	-1 442.5	-2 301.9	-2 107.5	-9 118.3
- total	%	- 59.8	- 56.8	- 45.8	- 40.8	- 56.4
Return on equity	%	- 5.1	- 6.9	- 5.2	- 4.0	- 5.1
Dividend to equity ratio						
- water	%	0.2	0.2	0.2	0.2	- 1.3
- sewerage	%	0.1	0.1	0.1	0.1	- 0.2
- drainage	%	0.0	0.0	0.0	0.0	- 0.2
- irrigation	%	0.0	0.0	0.0	0.0	- 0.2
- water resources	%	0.0	0.0	0.0	0.0	0.0
- total	%	0.3	0.3	0.3	0.3	- 1.8
Dividend payout ratio:						
- water	%	- 5.9	- 4.7	- 6.5	- 8.3	41.9
- sewerage	%	- 15.7	- 9.2	- 14.7	- 22.3	57.3
- drainage	%	- 0.8	- 0.9	- 1.1	- 0.1	59.6
- irrigation	%	- 1.7	- 1.3	- 2.5	- 3.6	16.4
- water resources	%	0.0	0.0	0.0	0.0	0.0
- total	%	- 5.0	- 4.1	- 5.7	- 6.8	35.3
Debt to equity		7.6	22.4	14.5	14.2	14.3
Total liabilities to equity	%	10.4	25.7	17.0	17.1	15.1
Current ratio	%	-1 591.0	-899.5	-2 275.4	-2 333.9	-1 104.4
Interest cover:						
- water	%	- 365.2	- 144.9	- 120.4	- 101.8	- 148.3
- sewerage	%	- 12.9	- 2.5	17.6	37.6	26.5
- drainage	%	- 499.9	- 137.5	- 195.7	- 197.7	- 253.2
- irrigation	%	- 972.5	- 449.1	-2 177.5	-1 509.2	-4 910.5
- water resources	%	n.p.	n.p.	n.p.	n.p.	n.p.
- total	%	- 362.9	- 151.0	- 139.8	- 132.2	- 181.0

Financial Ratios - Country (continued)

Cost recovery ratio:						
- water	%	68.2	67.9	73.3	76.7	73.5

WATER CORPORATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
- sewerage	%	102.7	101.6	107.6	111.7	115.6
- drainage	%	22.4	29.4	2.5	3.1	- 0.8
- irrigation	%	29.6	32.7	39.5	43.5	21.5
- water resources	%	6.0	6.5	4.2	4.5	1.1
- total	%	65.1	65.2	69.0	71.0	68.0
Operational performance	%	- 3.0	- 3.1	- 2.3	- 1.8	- 2.1

Non-financial Ratios - Country*Efficiency*

System water loss (as % of total volume supplied)	%	10.5	14.3	16.8	n.p.	n.p.
OMA cost per 100km of main						
- water	\$'000/ 100km	395	388	428	415	459
- sewerage	\$'000/ 100km	725	776	835	869	981
- drainage	\$'000/ 100km	110	105	87	94	140
- irrigation	\$'000/ 100km	713	815	1 037	876	975
- water resources	\$'000/ 100km	n.p.	n.p.	n.p.	n.p.	n.p.
- total	\$'000/ 100km	412	417	454	443	496
Employees per 1000 properties served	Emp/ '000Prop	4.5	4.3	4.0	3.7	2.7
Total days lost	%	n.p.	n.p.	n.p.	n.p.	n.p.

Effectiveness

Real price index	Index	101.20	101.70	105.30	107.20	102.80
Real price movement:						
- residential	Index	101.20	101.70	107.00	109.90	105.90
- commercial	Index	101.10	102.70	103.90	104.90	100.10
- industrial	Index	101.10	102.70	103.90	104.90	100.10

COUNTRY (continued)*Effectiveness (continued)*

Properties served per km of main:						
- water	No/km	10.9	10.8	11.1	11.3	11.3

WATER CORPORATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
- sewerage mains	No/km	44.1	43.6	43.9	44.7	46.9
- drainage	No/km	9.9	10.0	8.8	10.2	10.2
- irrigation	No/km	1.9	1.7	1.8	1.9	2.0
Unsewered properties (% of total properties)	%	55.4	54.7	53.8	52.6	54.0
Flooding incidents per 100 km of main (sewers)	No/100km	1.2	2.3	1.0	15.6	4.5
<i>Service Quality</i>						
Compliance with sewerage effluent standards	%	n.p.	n.p.	n.p.	86.0	90.0
Compliance with water quality standards	%	97.0	96.0	97.0	97.0	97.0
Water restrictions	%	1.2	1.4	2.8	20.9	0.1
Properties with service interruption	%	n.p.	n.p.	n.p.	n.p.	n.p.
Average interruption duration	Hr	n.p.	n.p.	n.p.	n.p.	n.p.
Service restored within 5 hours	%	n.p.	n.p.	n.p.	n.p.	n.p.
Customer satisfaction results:						
- water	%	n.p.	n.p.	81.0	85.0	n.p.
- sewerage	%	n.p.	n.p.	96.4	99.0	n.p.
- drainage	%	n.p.	n.p.	n.p.	n.p.	n.p.
- irrigation	%	n.p.	n.p.	64.0	77.0	n.p.
Main breaks per 100 km (water)	No/100km	13.0	12.0	19.0	24.6	25.0
Sewer chokes per 100 km	No/100km	24.0	27.0	36.0	46.1	40.0
<i>Size</i>						
Total assets	\$M	1 696	1 802	2 548	2 570	2 464
Total revenue	\$M	105	109	121	130	134
Total employment	No	1 183	1 150	1 104	1 094	806
Pipeline length;						
- water	km	15 325	15 690	15 768	15 935	16 203
- sewerage	km	1 697	1 766	1 841	1 907	1 913
- drainage	km	1 797	1 797	2 084	2 084	2 084

COUNTRY (continued)***Size (continued)***

Properties served;						
- water	'000	168	170	175	180	184
- sewerage	'000	75	77	81	85	90

WATER CORPORATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
- drainage	'000	18	18	18	21	21
New housing allotments served	No	2 315	3 416	5 117	4 374	3 468
Megalitres of water supplied	'000Ml	91	80	107	101	102
Volume of sewage treated	'000Ml	14	15	17	17	17
Sewage treatment ratios:						
- primary	%	n.p.	6.0	2.0	2.0	2.0
- secondary	%	n.p.	94.0	98.0	98.0	98.0
- tertiary	%	0.0	0.0	0.0	0.0	0.0
<i>Cost & Revenue Measures</i>						
Average revenue received per property:						
- water	\$/Prop	446	444	485	499	488
- sewerage	\$/Prop	316	331	344	359	365
- drainage	\$/Prop	56	56	2	0	0
- irrigation	\$/Prop	2 423	2 762	3 365	3 297	2 573
Average revenue per kl:						
- residential	\$/kl	n.p.	n.p.	n.p.	n.p.	n.p.
- commercial	\$/kl	n.p.	n.p.	n.p.	n.p.	n.p.
- industrial	\$/kl	n.p.	n.p.	n.p.	n.p.	n.p.
- other	\$/kl	n.p.	n.p.	n.p.	n.p.	n.p.
- total	\$/kl	n.p.	n.p.	n.p.	n.p.	n.p.
OMA costs per property served:						
- water	\$/Prop	442	358	386	368	405
- sewerage	\$/Prop	165	182	190	194	209
- drainage	\$/Prop	109	102	85	92	137
- irrigation	\$/Prop	7 127	4 754	5 610	4 507	4 979

WATER CORPORATION (continued)

NOTES TO INDICATORS FOR WATER CORPORATION

Key: n.p. - not provided; n.r. - not relevant.

- 1) During 1995–96 fixed assets were not revalued. The last revaluation was on 1 July 1994. However, during 1995–96, asset values were adjusted by applying appropriate economic and engineering indices and details as provided below.

<i>Category of asset</i>	<i>Method of valuation</i>	<i>Date of revaluation</i>	<i>Impact of revaluation</i>
Buildings	Application of economic and engineering indices	March 1996	\$6 512 834
Other infrastructure	Application of economic and engineering indices	March 1996	\$303 399 059
Vehicles and mobile plant	Application of economic and engineering indices	March 1996	\$2 955 276

- 2) Community service obligations

<i>Category of CSO</i>	<i>Method of valuation</i>	<i>Source of funding</i>	<i>Year</i>	<i>Cost</i>
Country water services	Net loss incurred in providing the service	Internal cross-subsidies	1995–96	\$108.6 m
Country waste water services	Net loss incurred in providing the service	Internal cross-subsidies	1995–96	\$16.6 m
Country drainage services	Net loss incurred in providing the service	Internal cross-subsidies	1995–96	\$6.6 m
Irrigation services	Net loss incurred in providing the service	Internal cross-subsidies	1995–96	\$9.4 m
Pensioner and seniors rebates	Loss of revenue and administration costs	Internal cross-subsidies	1995–96	\$19.4 m
Non-rated properties	Estimate of revenue foregone based on average revenue from rateable properties	Internal cross-subsidies	1995–96	\$10.2 m
Infill sewerage	Actual cost	Internal cross-subsidies	1995–96	\$1.0 m

WATER CORPORATION (continued)

Units *1991-92* *1992-93* *1993-94* *1994-95* *1995-96*

HOBART REGIONAL WATER BOARD**Tasmania****Comments on own performance**

The Hobart Regional Water Board was established in July 1984 as the successor to the Metropolitan Water Board. The Board is responsible for collecting, treating and conserving water in bulk and supplying it to constituent municipalities in the Hobart Regional Water District. The Board is a bulk water supplier only and is not concerned with reticulation, sewage or stormwater.

Current operations

The Authority is a Government Business Enterprise subject to the *Government Business Enterprise Act 1995* (GBE Act). The GBE Act provides a framework that enables Tasmania's GBEs to manage their operational affairs with greater independence, whilst providing for improved strategic oversight and accountability. In this way, the economic efficiency of the commercial operations of Government can be enhanced, maximising the long term sustainable returns to the State and improving the efficient operation of the whole economy.

The *Government Prices Oversight Act 1995* provides for the establishment of an independent commission to investigate and report on the pricing policies of GBEs that are monopoly, or near monopoly suppliers of goods and services. The prices of the Board will be the subject of investigation during the first half of the 1988 calendar year.

Employing about sixty people, the Board has an annual income of over \$17 million and assets of around \$140 million in written down current cost terms. The Board is financed through revenue from constituent councils and borrowings from the Tasmanian Public Finance Corporation. The Board is responsible for the effective management of about \$48 million of debt. The water supply system comprises a major water treatment plant, eight large storage dams, 25 pumping stations and approximately 400 kilometres of pipelines. Around 40 000 megalitres of water are supplied to councils each year.

Financial performance

Large variations in the unit rate charged for water are not unusual as the quantity of water supplied is substantially influenced by seasonal conditions, whereas the majority of the Board's costs are fixed. Accordingly, this variation is reflected in some of the financial performance indicators. Asset values have been based on unaudited current written down replacement cost valuations.

HOBART REGIONAL WATER BOARD (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Financial Ratios (1, 2)						
Return on assets	%	4.9	5.3	5.0	4.9	3.9
Return on operating assets	%	4.7	5.3	5.0	5.0	4.2
Operating sales margin	%	41.2	41.7	40.1	40.3	35.2
Return on equity (8)	%	- 0.2	- 0.3	1.2	1.5	1.1
Dividend to equity ratio	%	0.0	0.0	0.0	0.0	0.0
Dividend payout ratio	%	0.0	0.0	0.0	0.0	0.0
Debt to equity	%	68.0	68.9	59.6	56.4	47.1
Total liabilities to equity	%	76.9	78.8	70.0	65.6	54.7
Current ratio	%	71.9	195.1	67.2	68.1	90.6
Interest cover	%	97.4	96.5	116.4	122.3	121.4
Cost recovery ratio	%	165.7	173.2	166.8	167.4	147.9
Operational performance	%	4.4	5.4	5.0	5.0	3.7
Non-financial Ratios						
<i>Economic Factors</i>						
Total factor productivity	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Economic rate of return (1, 2)	%	4.12	4.59	4.08	4.58	4.18
<i>Efficiency</i>						
System water loss (as % of total volume supplied) (4)	%	n.p.	n.p.	n.p.	n.p.	n.p.
OMA cost per 100km of main						
- water	\$'000/ 100km	1 663	1 534	1 521	1 581	1 480
- sewerage (7)	\$'000/ 100km	n.r.	n.r.	n.r.	n.r.	n.r.
- drainage (7)	\$'000/ 100km	n.r.	n.r.	n.r.	n.r.	n.r.
Employees per 1000 properties served	Emp/ '000Prop	0.90	0.90	0.90	0.79	0.74
Total days lost (5)	%	3.20	3.80	5.10	6.65	4.77
<i>Effectiveness</i>						
Real price index	Index	102.00	109.20	97.90	102.60	112.49
Real price movement:						
- residential	Index	102.40	109.00	97.50	102.00	112.58
- commercial (6)	Index	n.p.	n.p.	n.p.	n.p.	n.p.
- industrial	Index	102.90	110.60	99.20	105.00	105.00

HOBART REGIONAL WATER BOARD (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>Effectiveness (continued)</i>						
Properties served per km of main:						
- water	No	182.6	175.2	173.0	178.3	181.4
- sewerage (7)	No	n.r.	n.r.	n.r.	n.r.	n.r.
- drainage (7)	No	n.r.	n.r.	n.r.	n.r.	n.r.
Unsewered properties (% of total properties) (7)	%	n.r.	n.r.	n.r.	n.r.	n.r.
Flooding incidents per 100 km of main (sewers) (7)	No/100km	n.r.	n.r.	n.r.	n.r.	n.r.
<i>Service Quality</i>						
Compliance with sewerage effluent standards	%	n.r.	n.r.	n.r.	n.r.	n.r.
Compliance with water quality standards (9)	%	96.2	96.9	98.3	98.8	99.3
Water restrictions	%	0.0	0.0	0.0	3.0	0.0
Properties with service interruption	%	n.p.	n.p.	n.p.	n.p.	n.p.
Average interruption duration	Hr	n.p.	n.p.	n.p.	n.p.	n.p.
Service restored within 5 hours	%	n.r.	n.r.	n.r.	n.r.	n.r.
Customer satisfaction results	%	n.p.	n.p.	n.p.	n.p.	n.p.
Main breaks per 100 km (water)	No/100km	3.7	2.0	1.8	1.0	1.2
Sewer chokes per 100 km (7)	No/100km	n.r.	n.r.	n.r.	n.r.	n.r.
<i>Size</i>						
Total assets (2)	\$M	145	140	149	150	158
Total revenue	\$M	17	17	17	18	17
Total employment	No	59	60	59	54	54
Pipeline length:(7)						
- water	km	374	394	401	401	401
- sewerage	km	n.r.	n.r.	n.r.	n.r.	n.r.
- drainage	km	n.r.	n.r.	n.r.	n.r.	n.r.
Properties served: (7)						
- water	'000	68	69	69	71	73
- sewerage	'000	n.r.	n.r.	n.r.	n.r.	n.r.
- drainage	'000	n.r.	n.r.	n.r.	n.r.	n.r.
New housing allotments served	No	677	711	385	2 127	1 271
Megalitres of water supplied	'000 MI	40	39	41	40	34
Volume of sewage treated	'000 MI	n.r.	n.r.	n.r.	n.r.	n.r.

Size (continued)

HOBART REGIONAL WATER BOARD (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Sewage treatment ratios: (7)						
- primary	%	n.r.	n.r.	n.r.	n.r.	n.r.
- secondary	%	n.r.	n.r.	n.r.	n.r.	n.r.
- tertiary	%	n.r.	n.r.	n.r.	n.r.	n.r.
<i>Cost & Revenue Measures</i>						
Average revenue received per property:						
- water	\$/Prop	215	226	251	224	216
- sewerage (7)	\$/Prop	n.r.	n.r.	n.r.	n.r.	n.r.
- drainage (7)	\$/Prop	n.r.	n.r.	n.r.	n.r.	n.r.
Average revenue per kl:						
- residential (6)	\$/kl	0.40	0.40	0.40	0.42	0.48
- commercial	\$/kl	n.p.	n.p.	n.p.	n.p.	n.p.
- industrial	\$/kl	0.20	0.30	0.20	0.27	0.28
- other	\$/kl	n.r.	n.r.	n.r.	n.r.	n.r.
- total	\$/kl	0.40	0.40	0.40	0.40	0.46
OMA costs per property served:						
- water	\$/Prop	91	88	88	89	82
- sewerage	\$/Prop	n.p.	n.p.	n.p.	n.p.	n.p.
- drainage	\$/Prop	n.p.	n.p.	n.p.	n.p.	n.p.

HOBART REGIONAL WATER BOARD (continued)

NOTES TO INDICATORS FOR HOBART REGIONAL WATER BOARD

Key: n.p. - not provided; n.r. - not relevant.

- 1) Figures in this return were supplied prior the Board's Annual report being published.
- 2) Audited historical cost and unaudited asset replacement cost asset valuation has been used in the financial performance indicators.
- 3) The Board is not required to pay a dividend to the Tasmanian Government.
- 4) The bulk water supply system is not fully metered, so information for some indicators are not available.
- 5) Available number of working days is defined as 365 days less 104 days for 52 weekends and less 12 days for public holidays. No allowance has been made for annual leave or long service leave, as in previous years.
- 6) Residential customer group includes all consumers, other than special consumers. The Board does not differentiate between residential, commercial and industrial consumers — other than special consumers who are any consumers who consume or agree to consume 225 megalitres in a year. The Board shows its special consumers as industrial consumers.
- 7) The Board is a bulk water supply authority only and is not concerned with reticulation, sewerage or stormwater.
- 8) The Board is not required to pay taxation or taxation equivalence to the Tasmanian Government.
- 9) The performance indicator on the compliance with water quality standards is measured against the NH&MRC and AWRC Drinking Water Guidelines (1987).

HOBART REGIONAL WATER BOARD (continued)

Units *1991-92* *1992-93* *1993-94* *1994-95* *1995-96*

NORTH WEST REGIONAL WATER AUTHORITY

Tasmania

Comments on own performance

The North West Regional Water Authority came into being on 1 July 1977. It took over responsibility for water treatment and reticulation from seven municipalities on the north-west coast of Tasmania. In July 1987, the Authority handed back to constituent municipalities all reticulation works and became a bulk water supplier.

Current operations

The Authority is a Government Business Enterprise subject to the *Government Business Enterprise Act 1995* (GBE Act). The Act provides a framework that enables Tasmania's GBEs to manage their operational affairs with greater independence, whilst providing for improved strategic oversight and accountability. In this way, the economic efficiency of the commercial operations of Government can be enhanced, maximising long term sustainable returns to the State and improving the efficient operation of the economy.

The Authority's mission is "... to provide a safe, high quality and reliable bulk water supply in a safe, efficient, environmentally responsible and economically sound manner." The water supply system comprises six water treatment plants, a maintenance depot, a regional control centre, 12 pump stations, 28 reservoirs/storages and 142 kilometres of pipeline spanning the six municipalities.

Financial performance

The 1995–96 financial period was an extraordinarily wet one from a consumption point of view with demand being well below the average expected. The net effect was an adjustment upward in the unit rate for water (price) from 72.2 cents per kilolitre to 77.6 cents at year's end.

The operational performance indicator has shown a decline over the last three years, due largely to the impact of asset revaluations increasing the value of the organisation, reductions in financing costs and a static revenue position. Even so the Authority has maintained a consistent rate of return on its assets for this period.

Non-financial performance

Whilst the continuing decline in water demand is a concern to the Authority it does reflect a community attitude of conservation of the resource and should lengthen the lives of the assets. The performance indicators show sustained high levels of compliance with water quality standards, and delivery of service.

A review of the water industry is currently drawing to completion and should be an impetus to future development within Tasmania.

NORTH WEST REGIONAL WATER AUTHORITY (cont.)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Financial Ratios						
Return on assets (1,2,5)	%	7.5	8.6	5.4	4.1	4.3
Return on operating assets (1,2,5)	%	7.5	9.0	5.4	4.0	4.3
Operating sales margin	%	47.2	54.2	45.7	43.6	47.8
Return on equity (2,3,4)	%	- 2.6	- 0.1	1.0	0.1	1.3
Dividend to equity ratio (3,4)	%	0.0	0.0	0.0	0.0	0.0
Dividend payout ratio	%	0.0	0.0	0.0	0.0	0.0
Debt to equity	%	159.5	152.0	57.4	44.9	39.2
Total liabilities to equity	%	170.5	165.3	62.6	49.5	43.0
Current ratio	%	222.4	164.8	102.7	49.5	60.3
Interest cover (2,6)	%	88.5	99.5	110.7	100.9	126.9
Cost recovery ratio (4)	%	196.1	218.4	185.2	177.0	173.5
Operational performance (1,2,5)	%	7.8	9.0	5.5	4.0	3.7
Non-financial Ratios						
<i>Economic Factors</i>						
Total factor productivity	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Economic rate of return	%	7.67	9.05	4.35	4.05	4.23
<i>Efficiency</i>						
System water loss (as % of total volume supplied)	%	n.p.	n.p.	n.p.	n.p.	n.p.
OMA cost per 100km of main						
- water	\$'000/ 100km	2 497	2 222	2 002	2 068	2 082
- sewerage	\$'000/ 100km	n.p.	n.p.	n.p.	n.p.	n.p.
- drainage	\$'000/ 100km	n.p.	n.p.	n.p.	n.p.	n.p.
Employees per 1000 properties served	Emp/ '000Prop	1.00	1.00	1.00	0.93	0.85
Total days lost	%	3.20	1.76	2.14	3.30	4.06
<i>Effectiveness</i>						
Real price index	Index	105.90	119.50	103.40	90.70	99.04
Real price movement						
- residential	Index	n.r.	n.r.	n.r.	n.r.	n.r.
- commercial	Index	n.r.	n.r.	n.r.	n.r.	n.r.
- industrial	Index	n.r.	n.r.	n.r.	n.r.	n.r.

NORTH WEST REGIONAL WATER AUTHORITY (cont.)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>Effectiveness (continued)</i>						
Properties served per km of main						
- water	No/km	183.1	190.1	190.1	190.1	196.4
- sewerage	No/km	n.p.	n.p.	n.p.	n.p.	n.p.
- drainage	No/km	n.p.	n.p.	n.p.	n.p.	n.p.
Unsewered properties (% of total properties)	%	n.r.	n.r.	n.r.	n.r.	n.r.
Flooding incidents per 100 km of main (sewers)	No/100km	n.r.	n.r.	n.r.	n.r.	n.r.
<i>Service Quality</i>						
Compliance with sewerage effluent standards	%	n.r.	n.r.	n.r.	n.r.	n.r.
Compliance with water quality standards	%	98.0	98.0	98.9	99.7	99.7
Water restrictions	%	0.0	0.0	0.0	0.0	0.0
Properties with service interruption	%	0.0	0.0	0.0	0.0	0.0
Average interruption duration	Hr	10.0	7.3	7.1	5.6	3.1
Service restored within 5 hours	%	n.r.	n.r.	n.r.	n.r.	n.r.
Customer satisfaction results	%	n.p.	n.p.	n.p.	n.p.	n.p.
Main breaks per 100 km (water)	No/100km	3.0	3.0	4.0	5.0	0.7
Sewer chokes per 100 km	No/100km	n.r.	n.r.	n.r.	n.r.	n.r.
<i>Size</i>						
Total assets (1)	\$M	60	60	94	95	97
Total revenue	\$M	9	9	9	9	9
Total employment	No	27	27	26	25	26
Pipeline length:						
- water	km	142	142	142	142	142
- sewerage	km	n.r.	n.r.	n.r.	n.r.	n.r.
- drainage	km	n.r.	n.r.	n.r.	n.r.	n.r.
Properties served:						
- water	'000	26	27	27	27	28
- sewerage	'000	n.r.	n.r.	n.r.	n.r.	n.r.
- drainage	'000	n.r.	n.r.	n.r.	n.r.	n.r.
New housing allotments served	No	273	361	185	658	433
Megalitres of water supplied	'000MI	13	12	13	14	12
Volume of sewage treated	'000MI	n.r.	n.r.	n.r.	n.r.	n.r.

Size (continued)

NORTH WEST REGIONAL WATER AUTHORITY (cont.)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Sewage treatment ratios:						
- primary	%	n.r.	n.r.	n.r.	n.r.	n.r.
- secondary	%	n.r.	n.r.	n.r.	n.r.	n.r.
- tertiary	%	n.r.	n.r.	n.r.	n.r.	n.r.
<i>Cost & Revenue Measures</i>						
Average revenue received per property:						
- water	\$/Prop	323	333	305	296	293
- sewerage	\$/Prop	n.r.	n.r.	n.r.	n.r.	n.r.
- drainage	\$/Prop	n.r.	n.r.	n.r.	n.r.	n.r.
Average revenue per kl:						
- residential		n.r.	n.r.	n.r.	n.r.	n.r.
- commercial	\$/kl	n.r.	n.r.	n.r.	n.r.	n.r.
- industrial	\$/kl	n.r.	n.r.	n.r.	n.r.	n.r.
- other	\$/kl	0.63	0.74	0.64	0.59	0.66
- total	\$/kl	0.63	0.74	0.64	0.59	0.66
OMA costs per property served:						
- water	\$/Prop	112	95	105	109	106
- sewerage	\$/Prop	n.p.	n.p.	n.p.	n.p.	n.r.
- drainage	\$/Prop	n.p.	n.p.	n.p.	n.p.	n.r.

NORTH WEST REGIONAL WATER AUTHORITY (cont.)

NOTES TO INDICATORS FOR NORTH WEST REGIONAL WATER AUTHORITY

Key: n.p. - not provided; n.r. - not relevant.

- 1) Average total assets includes written down replacement cost values of assets as at 30 June. The asset figures prior to 1993–94 are unaudited.
- 2) Earnings before interest and tax (EBIT) includes depreciation based on the current replacement cost value of assets.
- 3) Average total equity includes the written down replacement cost value of assets.
- 4) Total equity includes the written down replacement cost value of assets.
- 5) Total expenses includes depreciation based on the current replacement cost value of assets.
- 6) Gross interest expenses includes a government guarantee fee as follows : 1991–92 \$210 000; 1992–93 \$218 000; 1993–94 \$194 000; 1994–95 \$183 553 and 1995–96 \$160 994.
- 7) Community Service Obligations:
 - Fluoridation (as per Act of State Parliament): Reimbursement from the State for expenditure sustained totalled \$23 650 for 1995–96.
 - Discounted rate for large users (as per regulation, NWRW Act 1987): This discount is given to Councils who have customers that consume 100 megalitres of water or more per annum.

NORTH WEST REGIONAL WATER AUTHORITY (cont.)

RIVERS AND WATER SUPPLY COMMISSION, Tasmania NORTH ESK

Comments on own performance

The Scheme is managed by a business unit established within the Rivers and Water Supply Commission — a statutory authority subject to the *Government Business Enterprises Act 1995*.

The Act provides a framework that enables Tasmania's GBEs to manage their operational affairs with greater independence, whilst providing for improved strategic oversight and accountability. In this way, the economic efficiency of the commercial operations of the government can be enhanced, maximising the long term sustainable returns to the state and improving the efficient operation of the whole economy.

The Scheme operates a bulk water scheme under the provisions of the *North Esk Regional Water Act 1960*. It is not involved with reticulation, sewage or stormwater.

Financial performance

The financial performance of the Scheme has improved dramatically since 1990–91 when it had retained losses of \$414 000. Since that time effective cost management combined with necessary increase in the water price have combined to result in retained profits at the end of 1995–96 of \$2 783 000.

It should be noted that for the period 1990–91 to 1993–94 the Scheme's assets were valued on the basis of estimated current replacement cost. A full asset valuation was conducted as at 30 June 1995 in accordance with an independent valuation by the Australian Valuation Office — the basis of valuation was deprival value. This valuation was consistent with the recommendations of the Steering Committee on National Performance Monitoring of GTEs and has received the approval of the Auditor General.

The Scheme's operating profit for the year was \$217 000 compared to \$2 164 000 for the previous year. This reduction was not unexpected with the following factors contributing:

- an increase in the depreciation expense; and
- a reduction in the quantity of water sold.

The depreciation expense for the year ended 30 June 1996 was \$1 302 000 compared to \$293 000 for the previous year. This increase represents the impact of the revaluation of the schemes assets to deprival value.

The total quantity of water sold for 1995–96 was 7848 megalitres compared to budgeted sales of 8547 megalitres. This reflects the above average rainfall throughout the summer period. Corresponding figures for 1994–95 show above average consumption resulting in increased revenue. The combined effect of this has seen a considerable reduction in the sale of water from year to year.

RIVERS AND WATER SUPPLY COMMISSION, NORTH ESK (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Financial Ratios (1,2,3)						
Return on assets	%	4.4	3.7	6.0	6.9	3.3
Return on operating assets	%	4.1	3.4	6.2	6.8	3.0
Operating sales margin	%	41.4	34.7	57.0	66.5	40.5
Return on equity	%	0.3	- 1.0	3.3	5.0	0.4
Dividend to equity ratio	%	0.0	0.0	0.0	0.0	0.0
Dividend payout ratio	%	0.0	0.0	0.0	0.0	0.0
Debt to equity	%	56.1	60.3	62.9	36.5	32.5
Total liabilities to equity	%	61.6	65.8	68.7	40.8	36.4
Current ratio	%	120.7	1 430.4	1 028.1	463.2	336.6
Interest cover	%	103.7	85.4	149.9	191.9	109.6
Cost recovery ratio	%	196.2	205.5	226.5	298.9	168.1
Operational performance	%	4.8	5.0	5.9	6.8	3.0
Non-financial Ratios						
<i>Economic Factors</i>						
Total factor productivity	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Economic rate of return	%	3.69	3.73	4.70	5.32	4.10
<i>Efficiency</i>						
System water loss (as % of total volume supplied)	%	n.p.	n.p.	n.p.	n.p.	n.p.
OMA cost per 100km of main						
- water	\$'000/ 100km	19	19	20	18	28
- sewerage	\$'000/ 100km	n.p.	n.p.	n.p.	n.p.	n.r.
- drainage	\$'000/ 100km	n.p.	n.p.	n.p.	n.p.	n.r.
Employees per 1000 properties served	Emp/ '000Prop	n.r.	n.r.	n.r.	n.r.	n.r.
Total days lost	%	n.p.	n.p.	n.p.	n.p.	n.p.
<i>Effectiveness</i>						
Real price index	Index	114.90	125.20	132.60	137.20	135.64
Real price movement:						
- residential	Index	114.90	125.20	132.60	137.20	135.64
- commercial	Index	n.r.	n.r.	n.r.	n.r.	n.r.
- industrial	Index	114.90	125.20	132.60	137.20	135.64

RIVERS AND WATER SUPPLY COMMISSION, NORTH ESK (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>Effectiveness (continued)</i>						
Properties served per km of main						
- water	No/km	n.r.	n.r.	n.r.	n.r.	n.r.
- sewerage	No/km	n.r.	n.r.	n.r.	n.r.	n.r.
- drainage	No/km	n.r.	n.r.	n.r.	n.r.	n.r.
Unsewered properties (% of total properties)	%	n.p.	n.p.	n.p.	n.p.	n.r.
Flooding incidents per 100 km of main (sewers)	No/100km	n.p.	n.p.	n.p.	n.p.	n.r.
<i>Service Quality</i>						
Compliance with sewerage effluent standards	%	n.p.	n.p.	n.p.	n.p.	n.r.
Compliance with water quality standards	%	95.0	95.0	98.0	98.0	98.0
Water restrictions	%	n.p.	n.p.	n.p.	n.p.	n.r.
Properties with service interruption	%	n.p.	n.p.	n.p.	n.p.	n.p.
Average interruption duration	Hr	n.p.	n.p.	n.p.	n.p.	n.p.
Service restored within 5 hours	%	n.p.	n.p.	n.p.	n.p.	n.p.
Customer satisfaction results	%	n.p.	n.p.	n.p.	n.p.	n.p.
Main breaks per 100 km (water)	No/100km	4.7	6.5	6.5	9.0	3.6
Sewer chokes per 100 km	No/100km	n.p.	n.p.	n.p.	n.p.	n.r.
<i>Size</i>						
Total assets (3)	\$M	46	52	57	75	77
Total revenue	\$M	5	5	6	7	6
Total employment	No	21	21	22	23	24
Pipeline length:						
- water	km	111	111	111	111	111
- sewerage	km	n.r.	n.r.	n.r.	n.r.	n.r.
- drainage	km	n.r.	n.r.	n.r.	n.r.	n.r.
Properties served:						
- water	'000	n.p.	n.p.	n.p.	n.p.	n.p.
- sewerage	'000	n.r.	n.r.	n.r.	n.r.	n.p.
- drainage	'000	n.r.	n.r.	n.r.	n.r.	n.r.
New housing allotments served	No	n.p.	n.p.	n.p.	n.p.	n.r.
Megalitres of water supplied	'000 MI	9	8	8	9	8
Volume of sewage treated	'000 MI	n.r.	n.r.	n.r.	n.r.	n.r.

RIVERS AND WATER SUPPLY COMMISSION, NORTH ESK (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Size (continued)						
Sewage treatment ratios:						
- primary	%	n.r.	n.r.	n.r.	n.r.	n.r.
- secondary	%	n.r.	n.r.	n.r.	n.r.	n.r.
- tertiary	%	n.r.	n.r.	n.r.	n.r.	n.r.
Cost & Revenue Measures						
Average revenue received per property						
- water	\$/Prop	n.r.	n.r.	n.r.	n.r.	n.r.
- sewerage	\$/Prop	n.r.	n.r.	n.r.	n.r.	n.r.
- drainage	\$/Prop	n.r.	n.r.	n.r.	n.r.	n.r.
Average revenue per kl						
- residential	\$/kl	n.r.	n.r.	n.r.	n.r.	n.r.
- commercial	\$/kl	n.r.	n.r.	n.r.	n.r.	n.r.
- industrial	\$/kl	n.r.	n.r.	n.r.	n.r.	n.r.
- other	\$/kl	n.r.	n.r.	n.r.	n.r.	n.r.
- total	\$/kl	0.49	0.54	0.60	0.64	0.66
OMA costs per property served:						
- water	\$/Prop	n.r.	n.r.	n.r.	n.r.	n.r.
- sewerage	\$/Prop	n.r.	n.r.	n.r.	n.r.	n.r.
- drainage	\$/Prop	n.r.	n.r.	n.r.	n.r.	n.r.

NOTES TO INDICATORS FOR RIVERS AND WATER SUPPLY COMMISSION, NORTH ESK

Key: n.p. - not provided; n.r. - not relevant.

- 1) The Rivers and Water Supply Commission is presently exempt from taxation or taxation equivalent payments with the exception of payroll tax and fringe benefits tax. The Commission is not presently required to pay dividends to the Tasmanian Government.
- 2) The Commission's customers include councils and industries. With the exception of a small number of wayside consumers it does not service residential areas directly. The Commission's activities do not include sewerage treatment or drainage.
- 3) Asset valuations: Work in progress is valued at historical cost and property, plant and equipment via deprival value. Property, plant and equipment assets were revalued on 30 June 1995 (by \$50.637 million) and 30 June 1996 (by \$3.131 million).

POWER AND WATER AUTHORITY Northern Territory

Comments on own performance

The Power and Water Authority was established in 1987 by the amalgamation of the Northern Territory Electricity Commission, the Northern Territory Water Authority and the Water Resources Division of the Department of Mines and Energy. The Authority is the sole provider of public electricity, water and sewerage services throughout the Northern Territory.

Current operations

The Authority conducts its business in the four main regions of the Northern Territory, namely Darwin, Katherine, Tennant Creek and Alice Springs. In addition to the provision of services to these urban centres the Authority provides water services to 83 remote Aboriginal communities and 553 outstations throughout the Territory, and sewerage services to 33 remote communities. Overall, the Authority provides 34 000 water and 38 000 sewerage services across the Territory.

Financial performance

The Authority maintains infrastructure over a large area for a relatively small customer base. All water requires pumping for delivery to customers, adding to reticulation costs. Water tariffs have been increased by 27 per cent in real terms since 1990–91 to work towards full cost recovery. The Authority started reporting its assets on a replacement value basis since 1994–95, but estimates of replacement values have been included here for prior years.

Non-financial performance

Over the period 1987–88 to 1995–96, labour productivity (employees per thousand properties) has improved from 6.2 to 3.2 for metro water, 3.4 to 1.8 for metro sewerage, and 21.3 to 10 for country water. Country sewerage fluctuated between 2.2 and 3.5.

POWER AND WATER AUTHORITY (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Financial Ratios - Metropolitan (1,2,3)						
Return on assets	%	0.6	- 0.3	- 2.0	- 0.2	0.5
Return on operating assets	%	0.6	- 0.4	- 2.1	- 0.4	0.1
Operating sales margin	%	4.6	- 3.2	- 16.5	- 3.2	0.8
Return on equity	%	- 0.3	- 1.9	- 3.7	- 1.6	- 1.0
Dividend to equity ratio	%	0.0	0.0	0.0	0.0	0.0
Dividend payout ratio	%	0.0	0.0	0.0	0.0	0.0
Debt to equity	%	11.6	16.6	10.0	19.4	15.2
Total liabilities to equity	%	14.4	19.1	13.0	26.6	20.6
Current ratio	%	323.2	594.5	430.6	155.3	217.9
Interest cover	%	68.1	- 23.3	- 178.0	- 17.9	34.8
Cost recovery ratio	%	98.9	93.4	82.7	97.7	102.4
Operational performance	%	- 0.2	- 0.9	- 2.6	- 0.3	0.3

Non-financial Ratios - Metropolitan*Economic Factors*

Total factor productivity	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Economic rate of return	%	n.p.	n.p.	n.p.	n.p.	n.p.

Efficiency

System water loss (4)	%	5.7	15.9	14.5	13.6	17.2
OMA cost per 100km of main:						
- water	\$'000/ 100km	1 150	1 362	1 392	1 380	1 202
- sewerage	\$'000/ 100km	1 030	1 116	1 090	1 378	1 279
- drainage	\$'000/ 100km	n.r.	n.r.	n.r.	n.r.	n.r.
Employees per 1000 properties served (8)						
- water	Emp/ '000Prop	3.40	3.30	3.04	3.99	3.19
- sewerage	Emp/ '000 Prop	n.p.	3.29	2.08	2.75	1.75
Total days lost	%	n.p.	n.p.	3.90	3.55	4.35

POWER AND WATER AUTHORITY (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>METROPOLITAN (continued)</i>						
<i>Effectiveness</i>						
Real price index:	Index	102.31	112.17	112.06	109.90	116.06
Real price movement - residential:						
- water	Index	105.03	109.86	109.77	106.70	114.91
- sewerage	Index	98.91	106.16	104.77	101.85	105.74
Real price movement - commercial:						
- water	Index	105.03	109.86	109.77	106.70	114.91
- sewerage	Index	98.91	106.16	104.77	101.85	105.74
Real price movement - government:						
- water	Index	105.03	136.30	144.57	140.54	152.38
- sewerage	Index	98.91	106.16	104.77	101.85	105.74
Properties served per km of main:						
- water	No/km	25.1	26.1	26.3	27.3	22.7
- sewerage	No/km	45.4	45.4	45.4	45.4	45.9
- drainage	No/km	n.r.	n.r.	n.r.	n.r.	n.r.
Unsewered properties (% of total properties)	%	-18.4	-16.3	-19.0	-18.8	-19.0
Flooding incidents per 100 km of main (sewers)	No/100km	0.2	0.2	5.1	1.1	0.3
<i>Service Quality</i>						
Compliance with sewerage effluent standards (6)	%	100.0	100.0	100.0	100.0	100.0
Compliance with water quality standards:						
- health	%	96.0	98.0	99.0	99.0	99.0
- aesthetics	%	n.p.	n.p.	91.0	91.0	91.0
Water restrictions	%	0.0	0.0	0.0	0.9	0.0
Properties with service interruption (water)	%	n.p.	n.p.	18.0	8.8	8.8
Average interruption duration (water)	Hr	n.p.	n.p.	2.0	2.0	2.0
Service restored within 5 hours (water)	%	100.0	100.0	100.0	100.0	100.0
Customer satisfaction results (7)	%	n.p.	92.0	93.0	91.0	90.3
Main breaks per 100 km (water)	No/100km	23.5	23.1	13.1	18.8	6.9
Sewer chokes per 100 km	No/100km	34.7	32.1	59.3	68.7	52.2

POWER AND WATER AUTHORITY (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>METROPOLITAN (continued)</i>						
<i>Size</i>						
Total assets	\$M	260	259	263	267	266
Total revenue	\$M	37	37	34	36	36
Total employment (8)	Emp	353	345	239	278	241
Pipeline length:						
- water	km	800	800	800	800	995
- sewerage (9)	km	525	536	551	571	586
- drainage	km	n.r.	n.r.	n.r.	n.r.	n.r.
Properties served:						
- water (10)	'000	20	21	21	22	23
- sewerage (11)	'000	24	24	25	26	27
- drainage	'000	n.r.	n.r.	n.r.	n.r.	n.r.
New housing allotments served (12)	No	n.p.	800	100	800	700
Megalitres of water supplied	'000MI	35	34	35	35	35
Volume of sewage treated	'000MI	10	12	13	16	14
Sewage treatment ratios (14):						
- primary	%	25.0	25.0	25.0	25.0	25.0
- secondary	%	65.0	65.0	65.0	65.0	67.0
- tertiary	%	0.0	0.0	0.0	0.0	0.0
<i>Cost & Revenue Measures</i>						
Average revenue received per property:						
- water	\$/Prop	545	573	611	620	626
- sewerage	\$/Prop	403	384	377	365	400
- drainage	\$/Prop	n.r.	n.r.	n.r.	n.r.	n.r.
Average revenue per kl:						
- residential	\$/kl	0.33	0.42	0.40	0.40	0.45
- commercial	\$/kl	0.33	0.42	0.41	0.41	0.45
- industrial	\$/kl	n.r.	n.r.	n.r.	n.r.	n.r.
- government	\$/kl	0.33	0.42	0.52	0.57	0.61
- total	\$/kl	0.33	0.42	0.44	0.43	0.45
OMA costs per property served:						
- water	\$/Prop	419	521	513	500	529
- sewerage	\$/Prop	214	246	236	300	279
- drainage	\$/Prop	n.r.	n.r.	n.r.	n.r.	n.r.

POWER AND WATER AUTHORITY (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Financial Ratios - Country (1,2,3)						
Return on assets	%	2.2	- 0.4	- 1.0	- 2.0	- 3.3
Return on operating assets	%	2.2	- 0.4	- 1.2	- 2.2	- 3.5
Operating sales margin	%	15.7	- 4.1	- 11.7	- 21.8	- 40.2
Return on equity	%	2.0	- 0.7	- 2.1	- 3.8	- 5.6
Dividend to equity ratio	%	0.0	0.0	0.0	0.0	0.0
Dividend payout ratio	%	0.0	0.0	0.0	0.0	0.0
Debt to equity	%	2.8	2.7	8.0	21.0	19.2
Total liabilities to equity	%	4.3	4.3	10.2	24.7	26.8
Current ratio	%	435.8	373.9	472.6	153.2	41.2
Interest cover	%	817.7	- 151.3	- 117.5	- 156.6	- 278.5
Cost recovery ratio	%	106.3	88.3	82.4	81.4	72.0
Operational performance	%	0.7	- 1.3	- 2.0	- 2.3	- 3.4

Non-financial Ratios - Country*Economic Factors*

Total factor productivity	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Economic rate of return	%	n.p.	n.p.	n.p.	n.p.	n.p.

Efficiency

System water loss (as % of total volume supplied) (4)	%	n.p.	n.p.	15.9	15.7	15.6
OMA cost per 100km of main:						
- water	\$'000/ 100km	5 270	4 046	3 961	4 850	3 825
- sewerage	\$'000/ 100km	800	1 756	2 232	1 773	1 710
- drainage	\$'000/ 100km	n.r.	n.r.	n.r.	n.r.	n.r.
Employees per 1000 properties served:						
- water (8)	Emp/ '000Prop	4.57	5.59	6.00	7.83	10.04
- sewerage	Emp/ '000Prop	3.50	3.50	2.77	2.29	3.01
Total days lost - total	%	n.p.	n.p.	4.08	3.93	3.76

COUNTRY (continued)

POWER AND WATER AUTHORITY (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>Effectiveness</i>						
Real price index		102.58	112.30	113.20	110.10	116.72
Real price movement residential:						
- water	Index	105.03	109.86	109.77	106.70	114.91
- sewerage	Index	98.91	106.16	104.77	101.85	105.74
Real price movement commercial:						
- water	Index	105.03	109.86	109.77	106.70	114.91
- sewerage	Index	98.91	106.16	104.77	101.85	105.74
Real price movement government:						
- water	Index	105.03	136.30	144.57	140.54	152.38
- sewerage	Index	98.91	106.16	104.77	101.85	105.74
Properties served per km of main:						
- water	No/km	28.8	30.0	30.8	30.9	27.4
- sewerage	No/km	35.9	36.0	37.7	38.7	37.6
- drainage	No/km	n.r.	n.r.	n.r.	n.r.	n.r.
Unsewered properties (% of total properties)	%	n.p.	-4.3	4.1	1.8	2.7
Flooding incidents per 100 km of main (sewers)	No/100km	3.7	2.6	1.1	1.1	0.7
<i>Service Quality</i>						
Compliance with sewerage effluent standards (5)	%	100.0	100.0	100.0	100.0	100.0
Compliance with water quality standards:						
- health (6)	%	85.0	85.0	85.0	85.0	85.0
- aesthetics	%	n.p.	n.p.	n.p.	n.p.	n.p.
Water restrictions	%	0.0	0.0	0.0	0.0	0.0
Properties with service interruption (water)	%	n.p.	n.p.	3.9	4.1	2.6
Average interruption duration (water)	Hr	n.p.	n.p.	1.7	1.7	2.4
Service restored within 5 hours (water)	%	100.0	100.0	100.0	100.0	100.0
Customer satisfaction results) (7)	%	n.p.	92.0	93.0	91.0	90.3
Main breaks per 100 km (water)	No/100km	14.4	15.0	13.9	10.4	5.4
Sewer chokes per 100 km	No/100km	11.2	18.3	18.0	12.8	16.5

COUNTRY (continued)

POWER AND WATER AUTHORITY (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Size						
Total assets	\$M	212	219	230	231	227
Total revenue	\$M	28	23	23	23	21
Total employment (8)	No	145	77	90	112	146
Pipeline length:						
- water	km	312	314	315	317	411
- sewerage (9)	km	268	273	278	282	291
- drainage	km	n.r.	n.r.	n.r.	n.r.	n.r.
Properties served:						
- water (10)	'000	9	9	11	11	11
- sewerage (11)	'000	10	10	11	11	11
- drainage	'000	n.r.	n.r.	n.r.	n.r.	n.r.
New housing allotments served (12)	No	n.p.	1 500	200	200	100
Megalitres of water supplied	'000MI	31	26	25	26	26
Volume of sewage treated	'000MI	5	6	4	4	4
Sewage treatment ratios:						
- primary	%	0.0	0.0	0.0	0.0	0.0
- secondary	%	100.0	100.0	100.0	100.0	100.0
- tertiary	%	0.0	0.0	0.0	0.0	0.0
Cost & Revenue Measures						
Average revenue received per property:						
- water	\$/Prop	620	613	604	632	686
- sewerage	\$/Prop	418	461	434	424	461
- drainage	\$/Prop	n.r.	n.r.	n.r.	n.r.	n.r.
Average revenue per kl:						
- residential	\$/kl	0.44	0.38	0.40	0.41	0.44
- commercial	\$/kl	0.44	0.38	0.39	0.41	0.43
- government	\$/kl	0.44	0.38	0.45	0.53	0.64
- other	\$/kl	n.r.	n.r.	n.r.	n.r.	n.r.
- total	\$/kl	0.44	0.38	0.41	0.44	0.50
OMA costs per property served:						
- water	\$/Prop	1 722	1 289	1 113	1 384	1 397
- sewerage	\$/Prop	210	466	576	458	455
- drainage	\$/Prop	n.r.	n.r.	n.r.	n.r.	n.r.

POWER AND WATER AUTHORITY (continued)

NOTES TO INDICATORS FOR POWER AND WATER AUTHORITY

Key: n.p. - not provided; n.r. - not relevant.

- 1) PAWA is an integrated service provider and care should be taken in interpreting trends in assets, equity, revenue, expenses and staff numbers. A significant component of capital assets has been allocated between power and water segments. Total revenue includes a significant component of government contributions for CSOs and to cover operating deficits up to 1993–94. A significant component of corporate level expense and headcount have been allocated between power and water segments, in the published accounts. The basis for this allocation has changed from year to year.
- 2) Based on revalued assets and current value depreciation for all years — actual for 1994–95 and estimated for previous years using WSAA model.
- 3) CSO's — Government contributions fund the cash deficit in the Authority's Aboriginal Essential Services and Water Resources Divisions. Capital contributions not separately identified before 1993–94 and no deduction made from total revenue for this period.

<i>Category of CSO</i>	<i>Method of valuation</i>	<i>Source of funding</i>	<i>Year</i>	<i>Cost (\$000)</i>
Aboriginal community services	Cash deficit	NT Government	1991–92	12 455
			1992–93	7 930
			1993–94	8 422
			1994–95	10 706
			1995–96	8 470
	Cost of program	Commonwealth	1994–95	354
Water resources	Cash deficit	NT Government	1991–92	5 123
			1992–93	4 569
			1993–94	7 412
			1994–95	8 389
			1995–96	7 394
	Cost of program	Commonwealth	1991–92	72
			1992–93	807
			1993–94	715
			1994–95	401
			1995–96	492
Charitable organisations	Lost revenue	Internal	1994–95	197
			1995–96	190
Sporting bodies	Lost revenue	Internal	1994–95	8
			1995–96	8

POWER AND WATER AUTHORITY (continued)

NOTES TO INDICATORS FOR POWER AND WATER AUTHORITY (continued)

- 4) Calculated as (production-billed)/production. For non-metro, consumption on remote Aboriginal communities is largely unmetered so an estimate is deducted from production.
- 5) There are no licensing agreements. PAWA currently monitors coastal outfalls at end of pipe, as mixing zones are yet to be determined. Inland regions are designed for zero release.
- 6) NHMRC 1987 guidelines used. For non-metro, there is 98 per cent compliance for major urban centres, 85 per cent including Aboriginal communities.
- 7) Rating covers power, water and sewerage services.
- 8) Metro includes all of the Water Resources Division in financial calculations but non-financial section excludes 125 Water Resources employees.
- 9) Extrapolated back from 1994–95 using number of services as guide.
- 10) Defined as billed properties.
- 11) Sewerage services include vacant sewered blocks, of which there were 2000 in 1992–93, largely metro. Services exclude septic tanks.
- 12) Based on change in number of services.
- 13) OM&A costs defined by WSAA to exclude interest and depreciation.
- 14) 8–10 per cent only maceration, grit and detritus removal from an ocean outfall which is scheduled to be closed down and re-routed to an upgraded treatment facility in the next 2–3 years.

POWER AND WATER AUTHORITY (continued)

ACTEW CORPORATION**Australian Capital Territory****Comments on own performance**

ACTEW was formed in 1988 by the amalgamation of the ACT Electricity Authority with ACT Water. ACTEW supplies electricity and water to a population of approximately 300 000 people in the Canberra region.

Generally, stringent planning requirements have often required higher service provision standards than would have been required elsewhere.

On 1 July 1995, ACTEW became a corporation and is now subject to equivalent income and sales taxes which are included as part of the dividend payment to ACT Government.

Performance

ACTEW's water operations in 1995–96 reported an operating profit before tax of \$11.2 million, which is a significant increase of \$8.5 million from the previous year.

Earnings before interest and tax (EBIT) as a percentage of revenue also showed an improvement in the year following corporatisation, rising from 9.3 per cent in 1994–95 to 20.5 per cent in 1995–96. This performance was underpinned by a large reduction in operating costs of \$14.4 million.

During its first year as a corporate enterprise, ACTEW maintained its position as the provider of the lowest residential prices for water and sewerage of any major capital city.

Dynamic transformation

ACTEW's move from servicing a single market to compete against Australian and international competitors has transformed its operations and business culture. Competitive advantage is gained through an increased customer orientation by ACTEW's total workforce, resulting in unprecedented high levels of customer satisfaction. These changes have occurred without downsizing and staff cut backs, and ACTEW remains Canberra's largest employer with almost 1300 people.

ACTEW CORPORATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Financial Ratios						
Return on assets	%	1.1	1.1	0.6	0.9	1.9
Return on operating assets	%	0.8	1.0	0.4	0.8	1.9
Operating sales margin	%	10.9	12.5	5.3	9.3	20.5
Return on equity	%	0.3	0.4	- 0.2	0.3	0.8
Dividend to equity ratio	%	0.3	0.3	0.0	0.0	0.6
Dividend payout ratio	%	108.4	82.5	0.0	0.0	75.5
Debt to equity	%	8.2	6.9	6.6	6.0	7.2
Total liabilities to equity	%	9.7	8.1	8.1	8.0	7.2
Current ratio	%	164.8	220.9	124.7	119.7	234.1
Interest cover	%	130.2	144.6	78.5	135.9	250.2
Cost recovery ratio	%	101.7	104.3	103.8	99.7	115.3
Operational performance	%	0.1	0.3	0.3	0.0	1.1

Non-financial Ratios*Economic Factors*

Total factor productivity	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Economic rate of return	%	n.p.	n.p.	n.p.	n.p.	n.p.

Efficiency

System water loss (as % of total volume supplied)	%	n.p.	n.p.	n.p.	n.p.	n.p.
OMA cost per 100km of main:						
- water	\$'000/ 100km	814	788	848	956	855
- sewerage	\$'000/ 100km	914	942	1 115	1 189	1 074
- drainage	\$'000/ 100km	n.p.	n.p.	n.p.	n.p.	n.p.
Employees per 1000 properties served:						
- water	Emp/ '000Prop	2.90	2.80	2.90	2.71	n.p.
- sewerage	Emp/ '000Prop	2.90	2.80	2.80	2.79	n.p.
Total days lost - total	%	n.p.	3.20	4.70	3.98	3.49

Effectiveness

ACTEW CORPORATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Real price index:						
- water	Index	104.82	107.32	109.55	111.91	109.36
- sewerage	Index	106.45	121.77	129.50	128.66	125.13
- overall	Index	105.65	114.66	119.69	120.43	117.38
<i>Effectiveness (continued)</i>						
Real price movement:						
- residential	Index	n.p.	n.p.	n.p.	n.p.	n.p.
- commercial	Index	n.p.	n.p.	n.p.	n.p.	n.p.
- industrial	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Properties served per km of main:						
- water	No/km	38.3	39.2	38.8	40.1	40.3
- sewerage	No/km	37.8	39.1	39.6	40.9	41.7
- drainage	No/km	n.p.	n.p.	n.p.	n.p.	n.p.
Unsewered properties (% of total properties)	%	0.0	0.0	0.0	0.0	0.0
Flooding incidents per 100 km of main (sewers)	No/100km	n.p.	n.p.	n.p.	99.5	83.4
<i>Service Quality</i>						
Compliance with sewerage effluent standards	%	99.0	100.0	98.0	96.0	97.3
Compliance with water quality standards:						
- health	%	98.5	98.5	99.5	99.9	99.9
- aesthetics	%	96.5	97.0	97.1	92.4	91.0
Water restrictions	%	0.0	0.0	0.0	0.0	0.0
Properties with service interruption	%	0.2	0.2	0.4	0.1	0.0
Average interruption duration:						
- water	Hr	n.p.	n.p.	n.p.	4.5	4.5
- sewerage	Hr	n.p.	n.p.	n.p.	1.0	1.0
Service restored within 5 hours	%	96.7	99.9	99.3	98.8	99.9
Customer satisfaction results	%	74.0	74.0	75.0	74.0	89.0
Main breaks per 100 km (water)	No/100km	n.p.	14.0	13.0	14.3	10.7
Sewer chokes per 100 km	No/100km	n.p.	89.0	109.0	120.0	101.7
<i>Size</i>						
Total assets	\$M	1 010	1 118	1 111	1 125	871
Total revenue	\$M	79	84	92	96	91
Total employment	No	590	601	637	611	602

Size (continued)

Pipeline length:

ACTEW CORPORATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
- water	km	2 631	2 694	2 793	2 830	2 877
- sewerage	km	2 669	2 704	2 737	2 774	2 784
- drainage	km	n.r.	n.r.	n.r.	n.r.	n.p.
Properties served:						
- water	'000	101	106	108	113	116
- sewerage	'000	101	106	108	113	116
- drainage	'000	n.r.	n.r.	n.r.	n.r.	n.p.
New housing allotments served	No	n.p.	n.p.	n.p.	n.p.	n.p.
Megalitres of water supplied	'000 MI	60	50	59	61	53
Volume of sewage treated	'000 MI	33	35	33	30	32
Sewage treatment ratios:						
- primary	%	0.0	0.0	0.0	0.0	0.0
- secondary	%	0.0	0.0	0.0	0.0	0.0
- tertiary	%	100.0	100.0	100.0	100.0	100.0

Cost & Revenue Measures

Average revenue received per property:

- water	\$/Prop	336	315	338	320	316
- sewerage	\$/Prop	287	334	361	369	376
- drainage	\$/Prop	n.p.	n.p.	n.p.	n.p.	n.p.

Average revenue per kl:

- residential	\$/kl	n.p.	n.p.	n.p.	n.p.	n.p.
- commercial	\$/kl	n.p.	n.p.	n.p.	n.p.	n.p.
- industrial	\$/kl	n.p.	n.p.	n.p.	n.p.	n.p.
- other	\$/kl	n.p.	n.p.	n.p.	n.p.	n.p.
- total	\$/kl	0.56	0.66	0.62	0.60	0.69

Cost & Revenue Measures

OMA costs per property served:

- water	\$/Prop	210	201	218	239	212
- sewerage	\$/Prop	240	241	281	291	258
- drainage	\$/Prop	n.r.	n.r.	n.r.	n.r.	n.r.

NOTES TO INDICATORS FOR ACTEW CORPORATION (WATER)

Key: n.p. - not provided; n.r. - not relevant.

4 URBAN TRANSPORT

State Transit Authority (NSW)	261
Brisbane Transport (Qld)	269
TransAdelaide (SA)	273
MetroBus (WA)	281
Metropolitan Transport Trust (Tas)	287
ACTION (ACT)	291

STATE TRANSIT AUTHORITY**New South Wales****Comments on own performance**

State Transit Authority operates bus and ferry services in Sydney and Newcastle. These services are provided under commercial contracts issued by the Department of Transport as required by the *Passenger Transport Act, 1990*.

State Transit operates in the same commercial environment as private transport operators, and is required to meet the same contractual standards for all aspects of its business. In 1995–96 progress was made towards reducing deficit funding through increased operating efficiencies and the continued disposal of unused assets. Income was increased through the introduction of new bus and ferry services.

State Transit's *Sydney Discovery Tours* range of tourist services introduced a number of initiatives which contributed positively to its healthy performance. These included greater flexibility in the use of SydneyPass ticket, introduction of a new full-colour promotion brochure, the addition of the central CityRail network to services accessed by SydneyPass and the appointment of CityRail ticketing offices as sales outlets.

Safety and security were high on the agenda, with new Safety Management Plans adopted by the Business Units and new incident-reporting systems designed to improve the management of safety issues in co-operation with the Department of Transport's Transport Bureau. Safety on school buses was of special concern, with emphasis on new bus door safety systems, training and education of bus operators and delivery of safety presentations to school children by dedicated teams of specially-trained bus operators.

Our goal of increasing patronage depends on the commitment, adaptability and hard work of our staff. Much effort is put into providing a secure and fulfilling workplace environment, with training programs to enhance career opportunities and a consultative approach to industrial relations. Our staff are consulted about management decisions and contribute positively to the future of the business.

State Transit returned a surplus of \$10.5 million for 1995–96. This enabled a financial distribution (including income tax equivalents and dividends) of \$8.9 million to be returned to NSW Treasury, significantly more than the previous distribution of \$1.5 million. At the same State Transit reduced its reliance on Government contributions by \$13.3 million. State Transit funded its own capital works program of \$28.7 million and reduced external debt by a further \$6 million through the sale of assets surplus to core business needs and through improved management of inventory and receivables.

STATE TRANSIT AUTHORITY (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Financial Ratios						
Return on assets (4, 7)	%	21.0	2.5	2.8	7.0	3.6
Return on operating assets (4, 7)	%	22.8	2.1	1.9	6.6	2.8
Operating sales margin (4)	%	19.3	2.2	1.8	6.1	2.8
Return on equity (2, 4, 7)	%	102.8	1.3	4.0	16.7	4.5
Dividend to equity ratio (1)	%	75.0	0.0	0.0	1.3	3.5
Dividend payout ratio (1)	%	73.0	0.0	0.0	7.5	77.0
Debt to equity	%	118.2	91.8	56.9	37.2	24.4
Total liabilities to equity	%	377.8	355.6	254.2	182.0	134.1
Current ratio	%	71.1	74.2	115.6	104.2	79.1
Interest cover (4)	%	917.2	112.7	155.6	407.4	419.9
Cost recovery ratio	%	116.6	103.3	104.0	111.5	102.8
Operational performance (7)	%	15.4	2.9	3.9	11.2	2.8

Non-financial Ratios - All Operations*Economic Factors*

Total factor productivity (6)	Index	1.87	2.09	2.15	2.15	n.p.
Economic rate of return	%	n.p.	n.p.	n.p.	n.p.	n.p.

Size

Total assets (3)	\$M	413	399	383	363	400
Total revenue	\$M	435	334	351	340	335
Cash box and other non-government revenue	\$'000	138 251	153 538	156 771	185 760	177 758

Non-financial Ratios - Sydney Buses*Economic Factors*

Total factor productivity (6)	Index	1.07	1.22	1.29	1.26	n.p.
Economic rate of return	%	n.p.	n.p.	n.p.	n.p.	n.p.

Efficiency

Passenger revenue per total vehicle capacity kilometre	Cents/ TVCKm	5.35	4.98	4.53	5.20	5.30
Expenditure per total vehicle capacity kilometre	Cents/ TVCKm	6.35	6.15	5.34	5.30	5.50
Employees per vehicle	Emp/Veh	3.00	2.60	2.50	2.60	2.55
Vehicles in excess of maximum daily demand	%	8.6	9.3	13.7	11.1	11.1

SYDNEY BUSES (continued)

STATE TRANSIT AUTHORITY (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>Efficiency (continued)</i>						
Kilometres per vehicle	km/Veh	46 027	45 905	46 522	47 111	48 078
Vehicle kilometres per employee	km/Emp	16 897	19 246	20 865	20 297	20 364
Vehicle capacity kilometres per employee	'000 TVCkm/ Emp	1 103	1 256	1 494	1 324	1 329
Total days lost:						
- industrial disputes	%	0.50	0.00	0.00	0.00	0.00
- sick leave	%	4.90	4.90	5.10	5.00	4.60
- industrial accidents	%	1.30	1.50	2.00	0.70	0.80
- total	%	6.80	6.40	7.10	5.70	5.40
<i>Effectiveness</i>						
Real price index (5)	Index	103.5	107.4	108.3	106.4	104.5
Boardings per vehicle kilometre	Bd/km	2.9	2.8	2.7	2.7	2.7
Boardings per employee	Bd/Emp	48 869	54 004	56 984	55 634	54 927
Boardings per head of population:						
- metro	Bd/Hd	46.00	44.60	44.70	45.40	47.51
- catchment	Bd/Hd	99.00	95.90	96.20	97.70	102.21
<i>Service Quality</i>						
Service cancellations	%	0.10	0.70	0.20	0.20	0.33
Service delays	%	0.70	1.50	0.40	0.60	0.48
<i>Size</i>						
Total employment	No	3 484	3 053	2 903	3 022	3 225
Total vehicle kilometres	'000 km	58 869	58 759	60 571	61 339	65 674
Total passenger boardings	'000	170 260	164 873	165 424	168 126	177 141
Number of scheduled services	'000	4 774	4 741	5 026	3 980	4 131
Revenue vehicle fleet	No	1 279	1 280	1 302	1 302	1 366
<i>Cost and Revenue Measures</i>						
Average fare per boarding	\$/Bd	1.2	1.2	1.2	1.2	1.3
Passenger revenue per vehicle kilometre	\$/km	3.5	3.2	3.2	3.4	3.5
Passenger revenue per employee	\$/Emp	58 981	62 549	67 653	69 463	70 534
Expenditure per vehicle kilometre	\$/km	4.1	4.0	3.8	3.5	3.6
Expenditure per boarding	\$/Bd	1.4	1.4	1.4	1.3	1.3
Government operating subsidy (1)	%	62.9	51.9	52.2	52.7	42.3

Non-financial Ratios - Sydney Ferries

STATE TRANSIT AUTHORITY (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>Economic Factors</i>						
Total factor productivity (6)	Index	1.02	0.98	0.88	0.94	n.p.
Economic rate of return	%	n.p.	n.p.	n.p.	n.p.	n.p.
<i>Efficiency</i>						
Passenger revenue per total vehicle capacity kilometre	Cents/ TVCKm	5.50	5.40	5.60	4.30	4.70
Expenditure per total vehicle capacity kilometre	Cents/ TVCKm	9.80	8.50	9.00	7.20	6.90
Employees per vehicle	Emp/Veh	21.50	19.20	17.00	17.60	18.60
Vehicles in excess of maximum daily demand	%	21.1	21.1	18.2	18.2	22.7
Kilometres per vehicle	km/Veh	44 826	43 609	47 308	49 962	49 259
Vehicle kilometres per employee	km/Emp	2 527	2 755	3 298	3 357	3 252
Vehicle capacity kilometres per employee	'000 TVCKm/ Emp	1 555	1 719	1 744	2 014	1 951
Total days lost:						
- industrial disputes	%	0.40	0.10	0.00	0.00	0.00
- sick leave	%	4.70	4.70	4.20	5.00	4.60
- industrial accidents	%	2.40	1.20	3.10	0.60	0.43
- total	%	7.50	6.10	7.30	5.60	5.03
<i>Effectiveness</i>						
Real price index (5)	Index	103.50	107.40	108.40	106.40	104.50
Boardings per vehicle kilometre	Bd/km	12.6	12.5	10.6	10.3	9.5
Boardings per employee	Bd/Emp	31 824	34 407	35 040	34 561	31 039
Boardings per head of population:						
- metro	Bd/Hd	3.50	3.40	3.50	3.60	3.4
- catchment	Bd/Hd	129.80	125.20	130.70	133.80	127.0
<i>Service Quality</i>						
Service cancellations	%	3.90	0.30	0.40	0.50	0.88
Service delays	%	0.30	0.00	0.30	0.40	0.54

SYDNEY FERRIES (continued)

STATE TRANSIT AUTHORITY (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>Size</i>						
Total employment	No	408	364	373	387	409
Total vehicle kilometres	'000 km	1 031	1 003	1 230	1 299	1 330
Total passenger boardings	'000	10 809	10 425	11 045	11 874	12 695
Number of scheduled services	'000	125	125	130	130	130
Revenue vehicle fleet	No	23	23	26	26	27
<i>Cost and Revenue Measures</i>						
Average fare per boarding	\$/Bd	2.7	2.7	2.8	2.5	2.9
Passenger revenue per vehicle kilometre	\$/km	34.0	33.8	29.6	25.7	28.1
Passenger revenue per employee	\$/Emp	85 794	93 209	97 523	86 408	91 487
Expenditure per vehicle kilometre	\$/km	60.6	53.1	47.8	43.3	41.0
Expenditure per boarding	\$/Bd	4.8	4.2	4.5	4.2	4.3
Government operating subsidy (1)	%	46.5	52.2	42.4	38.9	41.2

Non-financial Ratios - Newcastle services

<i>Economic Factors</i>						
Total factor productivity (6)	Index	1.41	1.55	1.62	1.69	n.p.
Economic rate of return	%	n.p.	n.p.	n.p.	n.p.	n.p.
<i>Efficiency</i>						
Passenger revenue per total vehicle capacity kilometre	Cents/ TVCKm	3.50	3.10	3.30	2.70	2.69
Expenditure per total vehicle capacity kilometre	Cents/ TVCKm	4.80	4.50	4.60	4.20	4.19
Employees per vehicle	Emp/Veh	2.95	2.53	2.53	2.46	2.48
Vehicles in excess of maximum daily demand	%	8.7	8.7	8.8	8.3	11.0
Kilometres per vehicle	km/Veh	56 512	55 809	57 719	58 112	59 135
Vehicle kilometres per employee	km/Emp	20 854	23 981	24 825	25 593	26 471
Vehicle capacity kilometres per employee	'000 TVCKm/ Emp	1 361	1 565	1 620	1 670	1 727
Total days lost:						
- industrial disputes	%	1.00	0.20	0.00	0.00	0.00
- sick leave	%	7.80	5.40	4.40	4.70	4.70
- industrial accidents	%	1.30	1.50	0.40	0.50	0.48
- total	%	10.10	7.20	4.90	5.20	5.18

NEWCASTLE SERVICES (continued)

STATE TRANSIT AUTHORITY (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>Effectiveness</i>						
Real price index (5)	Index	103.5	107.4	108.4	106.4	104.5
Boardings per vehicle kilometre	Bd/km	1.41	1.43	1.39	1.35	1.33
Boardings per employee	Bd/Emp	29 392	34 318	34 581	34 676	35 272
Boardings per head of population:						
- metro	Bd/Hd	49.20	49.40	49.10	51.10	50.86
- catchment	Bd/Hd	58.10	58.30	57.90	60.30	60.02
<i>Service Quality</i>						
Service cancellations	%	0.03	0.03	0.03	0.05	0.04
Service delays	%	8.22	7.53	6.92	7.88	7.20
<i>Size</i>						
Total employment	No	439	377	372	386	382
Total vehicle kilometres	'000 km	9 155	9 041	9 235	9 879	10 112
Total passenger boardings	'000	12 903	12 938	12 864	13 385	13 474
Number of scheduled services	'000	438	438	438	438	450
Revenue vehicle fleet	No	162	162	160	170	171
<i>Cost and Revenue Measures</i>						
Average fare per boarding	\$/Bd	1.6	1.4	1.6	1.3	1.3
Passenger revenue per vehicle kilometre	\$/km	2.3	2.1	2.2	1.8	1.7
Passenger revenue per employee	\$/Emp	47 055	49 239	54 142	45 039	45 882
Expenditure per vehicle kilometre	\$/km	3.1	3.0	3.0	2.8	2.8
Expenditure per boarding	\$/Bd	2.2	2.1	2.2	2.0	2.1
Government operating subsidy (1)	%	74.4	65.5	67.5	58.6	54.4

Non-financial Ratios - Corporate Policy and Resources***Efficiency***

Total days lost:

- industrial disputes	%	0.00	0.00	0.00	0.00	0.00
- sick leave	%	3.30	3.40	3.70	2.00	2.90
- industrial accidents	%	0.00	0.00	0.00	0.00	0.00
- total	%	3.40	3.40	3.70	2.00	2.90

CORPORATE POLICY AND RESOURCES (continued)***Size***

STATE TRANSIT AUTHORITY (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Total employment	No	92	92	81	79	85
<i>Cost and Revenue Measures</i>						
Government operating subsidy (1)	%	401.7	0.0	0.0	0.0	0.0

NOTES TO INDICATORS FOR STATE TRANSIT AUTHORITY

Key: n.p. - not provided; n.r. - not relevant.

- 1) In 1991-92 the method for calculating CSOs included a return on assets which resulted in a profit which was returned to the Government by payment of a dividend of \$58 359. CSOs of \$57 671 have been excluded from the calculation of Product Group non-financial ratios in 1991-92 to ensure comparability of results. This profit element has been excluded from calculation of CSOs in later years
- 2) This return is based on the average of the current and prior years.
- 3) During the year ended 1995-96, State Transit changed its accounting policy in relation to the valuation of property, plant and equipment in order to comply with NSW Treasury requirements. In accordance with these requirements, all property, plant and equipment, except wharf improvements and Work in Progress, have been revalued at balance date to current cost, subject to the revalued amount not exceeding the recoverable amount.
- 4) No abnormal items for 1995-96, therefore schedule of abnormal items not included.
- 5) The real price index used is a weighted average for all Product Groups. During the period the index has been affected both by increases in ticket prices and a change in the mix of ticket types.
- 6) For 1994-95, the method of calculating Total Factor Productivity differed from previous years. For individual modes, the data for bus services in 1990-91 has been used as a base. For GTE aggregate TFP indices (ie. across modes) data for 1990-91 has been used as a base. Previous to 1994-95, weighted average data was used as a base for all TFP indices.
- 7) For the year ended 1995-96, \$3.783 million has been charged as income tax expense, representing a notional income tax equivalent payable under the NSW Treasury tax equivalent regime. The tax equivalent regime takes full effect from 1 July 1996, and represents 36 per cent of operating profit before tax.

STATE TRANSIT AUTHORITY

New South Wales

BRISBANE TRANSPORT

Queensland

Comments on own performance

Brisbane Transport is the only major public transport undertaking by a local Government. The Brisbane City Council is committed to the delivery of quality, value for money passenger transport for the benefit of the community and this is an integral component of the overall economic, environmental and social framework of the Brisbane region.

Brisbane Transport became a commercialised business unit of Brisbane City Council as a result of the Hilmer report and National Competition Policy. It has continued to focus on maximising the commercial performance of its operations as it moves to full corporatisation at 1 July 1998.

In 1995–95, patronage growth continued and the fleet of over 580 buses and 11 ferries carried in excess of 48.7 million and 2.1 million passengers respectively.

The operations of Brisbane Transport are the subject of reform to achieve major productivity improvements and significant patronage increases within three years.

Among the major achievements of the reform process in 1995–96 are:

- Continued review of the bus network and service improvement;
- Commenced implementation of the Brisbane Ferry Strategy to provide high speed catamaran services to complement cross river services. The new services were commissioned in November 1996.
- Introduction of self managed work teams focusing on improved customer service, efficiency and productivity. This is enhanced through a long term teams training strategy.
- Appointment of an eight member Board to oversee operations.
- Development of a satellite depot concept. One outlying satellite has been piloted with plans for a further two satellites planned for 1996–97. The concept is expected to be expanded further in future periods.
- Process and work practice redesign including sign on/sign off, bus changes, safety/preventive maintenance

Brisbane Transport is continuing a process of restructuring, which includes separation of infrastructure assets from bus operations. The commercialisation process recognises Enterprise Bargaining, asset valuations at current replacement cost and full accrual accounting encompassing all relevant accounting standards.

BRISBANE TRANSPORT (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Financial Ratios						
Return on assets	%	6.3	6.4	1.4	5.3	10.1
Return on operating assets	%	6.3	6.4	1.4	5.4	11.1
Operating sales margin	%	6.4	7.9	2.1	7.7	10.7
Return on equity	%	n.p.	n.p.	n.p.	n.p.	17.1
Dividend to equity ratio	%	n.p.	n.p.	n.p.	n.p.	n.p.
Dividend payout ratio	%	n.p.	n.p.	n.p.	n.p.	n.p.
Debt to equity	%	56.8	57.7	100.9	147.4	115.5
Total liabilities to equity	%	0.0	9.4	108.7	199.9	163.1
Current ratio	%	n.p.	24.0	95.0	59.7	87.8
Interest cover	%	100.0	100.0	100.0	100.0	251.6
Cost recovery ratio	%	54.3	49.5	47.8	59.3	55.1
Operational performance	%	- 42.0	- 37.3	- 33.5	- 26.3	- 41.6
Non-financial Ratios						
<i>Economic Factors</i>						
Total factor productivity	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Economic rate of return	%	n.p.	n.p.	n.p.	n.p.	n.p.
<i>Efficiency</i>						
Passenger revenue per total vehicle capacity kilometre	Cents/ TVCKm	1.80	1.80	1.90	2.01	2.14
Expenditure per total vehicle capacity kilometre	Cents/ TVCKm	0.04	0.04	0.04	0.04	0.04
Employees per vehicle	Emp/Veh	3.21	3.22	3.21	2.87	2.33
Vehicles in excess of maximum daily demand	%	10.4	12.1	13.6	13.5	12.0
Kilometres per vehicle	km/Veh	51 667	52 797	54 340	53 452	56 682
Vehicle kilometres per employee	km/Emp	19 034	18 600	19 255	21 129	24 310
Vehicle capacity kilometres per employee	'000 TVCKm/ Emp	1 415	1 456	1 403	1 579	1 823
Total days lost:						
- industrial disputes	%	0.03	0.01	0.05	0.00	0.00
- sick leave	%	4.40	4.24	4.51	4.84	6.90
- industrial accidents	%	1.14	1.50	1.23	1.25	1.52
- total	%	5.57	5.75	5.79	6.09	8.42
<i>Effectiveness</i>						

BRISBANE TRANSPORT (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Real price index	Index	94.0	92.0	91.0	87.0	84.2
Boardings per vehicle kilometre	Bd/km	1.36	1.37	1.41	1.54	1.48
Boardings per employee	Bd/Emp	25 953	25 522	27 079	32 484	37 442
Boardings per head of population:						
- metro	Bd/Hd	57.6	53.8	55.3	60.6	61.0
- catchment	Bd/Hd	57.6	66.8	55.3	60.6	61.0
<i>Service Quality</i>						
Service cancellations	%	n.p.	n.p.	n.p.	n.p.	n.p.
Service delays	%	n.p.	n.p.	n.p.	10.00	n.p.
<i>Size</i>						
Total assets	\$M	110	134	167	117	126
Total revenue	\$M	91	98	99	97	115
Cash box and other non-government revenue	'000	45 005	44 744	46 175	52 967	56 751
Total employment	No	1 645	1 618	1 603	1 485	1 357
Total vehicle kilometres	'000 km	31 310	30 094	30 865	31 376	32 989
Total passenger boardings	'000	42 693	41 294	43 406	48 239	50 808
Number of scheduled services	'000	2 032	2 099	2 088	1 704	1 628
Revenue vehicle fleet	No	575	570	568	587	582
<i>Cost and Revenue Measures</i>						
Average fare per boarding	\$/Bd	1.03	0.99	0.99	0.98	1.04
Passenger revenue per vehicle kilometre	\$/km	1.32	1.35	1.39	1.51	1.61
Passenger revenue per employee	\$/Emp	25 209	25 059	26 830	31 864	39 091
Expenditure per vehicle kilometre	\$/km	2.91	3.26	3.34	3.08	3.26
Expenditure per boarding	\$/Bd	2.13	2.38	2.37	2.01	2.12
Government operating subsidy	%	49.2	54.4	53.1	46.2	54.3

NOTES TO INDICATORS FOR BRISBANE TRANSPORT

Key: n.p. - not provided; n.r. - not relevant.

BRISBANE TRANSPORT

Queensland

TRANSADELAIDE**South Australia****Comments on own performance**

In the 1995–96 financial year, TransAdelaide faced the acid test of direct competition via the Government’s competitive tendering program of bus services. Five tender parcels were decided during the year, with TransAdelaide successful against national and international competition in holding the Outer South (72 buses) in Round 1 and the O-Bahn parcels (Outer NorthEast and Northern Transit Link: 108 buses) in Round 2. In Round 1, the Outer North area was awarded to British facilities management company Serco which was also successful in securing the Inner North area in the second round. TransAdelaide also obtained a negotiated contract for the Hills tender area (30 buses) by offering the Passenger Transport Board an innovative joint venture arrangement with Australian Transit Enterprises Pty Ltd (ATE). ATE was later to achieve success in its own right in the competitive tendering of metropolitan bus services in Perth.

TransAdelaide’s success in the initial tender rounds was underwritten by the implementation of competitive new labour awards which were developed collaboratively by front line operating staff, supported by depot and corporate administration areas. While this is not yet reflected in corporate cost and productivity indicators, the flow-on will occur strongly in the next financial year. All remaining bus depots now have competitive new labour awards registered with Industrial Commission and look forward to the opportunity to put their case for the right to retain their work.

Care should be taken in interpreting patronage figures, given the transfer of services to other operators during the year. The underlying trend continues to be weakly negative (-2 per cent p.a.), although improvements were recorded in the areas which converted to contracted operation. Importantly, patronage-related productivity indicators continued to strengthen solidly, with a 15 per cent increase recorded in passenger boardings per employee.

New funding mechanisms also require care to be exercised in the interpretation of subsidy data. All passenger revenue is now collected directly by the Passenger Transport Board (PTB), which then funds operators in the system according to a cost/incentive formula. In effect, this means that the bulk of income has been converted to a contract payment with the subsidy being made by the government through the PTB.

TransAdelaide believes it has the continued momentum for reform and the support of the large majority of employees in its efforts to consolidate its position as the majority provider of Adelaide’s public transport services as the PTB’s competitive tendering program continues. This will require a continued strong commitment to devolution of decision making to worksite units, operation according to “Best Practice” principles and a vigorous and innovative focus on new marketing and service initiatives.

TRANSADELAIDE (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Financial Ratios - All operations						
Return on assets	%	6.0	6.5	5.2	6.7	6.3
Return on operating assets	%	6.0	6.4	5.2	6.7	6.1
Operating sales margin	%	12.3	14.4	11.7	14.1	11.8
Return on equity	%	- 1.9	2.7	1.0	1.6	4.5
Dividend to equity ratio	%	0.0	0.0	0.0	0.0	0.0
Dividend payout ratio	%	0.0	0.0	0.0	0.0	0.0
Debt to equity	%	142.3	157.3	151.9	143.3	115.6
Total liabilities to equity	%	185.5	198.2	186.0	188.2	156.5
Current ratio	%	44.6	51.8	38.0	59.0	36.9
Interest cover	%	91.3	116.7	107.2	109.0	135.5
Cost recovery ratio	%	43.5	42.4	38.5	41.3	5.4
Operational performance	%	- 23.7	- 21.5	- 24.0	- 23.8	- 43.1
Non-financial Ratios - All operations						
<i>Economic Factors</i>						
Total factor productivity (10)	Index	1.38	1.37	1.38	1.51	n.p.
Economic rate of return	%	n.p.	n.p.	n.p.	n.p.	n.p.
<i>Efficiency</i>						
Passenger revenue per total vehicle capacity kilometre	Cents/ TVCKm	1.70	1.70	1.59	1.50	n.p.
Expenditure per total vehicle capacity kilometre	Cents/ TVCKm	5.00	5.20	5.31	4.90	4.90
Employees per vehicle	Emp/Veh	4.40	4.20	3.79	3.50	3.30
Vehicles in excess of maximum daily demand	%	15.5	13.5	13.0	13.3	13.9
Kilometres per vehicle	km/Veh	55 071	53 255	53 065	54 920	59 999
Vehicle kilometres per employee	km/Emp	14 321	14 449	15 802	17 628	20 730
Vehicle capacity kilometres per employee	'000 TVCKm/ Emp	n.p.	n.p.	n.p.	n.p.	n.p.
Total days lost: (1)						
- industrial disputes	%	0.00	0.00	0.00	0.04	0.28
- sick leave	%	3.35	3.26	3.67	4.52	4.47
- industrial accidents	%	2.06	1.67	1.57	1.41	1.29
- total	%	5.42	4.93	5.24	5.12	5.45

ALL OPERATIONS (continued)

TRANSADELAIDE (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>Effectiveness</i>						
Real price index (4)	Index	94.50	103.30	101.60	101.65	105.05
Boardings per vehicle kilometre	Bd/km	1.54	1.47	1.42	1.32	1.29
Boardings per employee	Bd/Emp	22 064	21 296	22 370	23 285	26 781
Boardings per head of population:						
- metro (2)	Bd/Hd	67.4	61.4	60.9	57.9	52.8
- catchment (3)	Bd/Hd	68.3	62.3	61.7	58.7	53.6
<i>Service Quality</i>						
Service cancellations	%	n.p.	n.p.	n.p.	n.p.	n.p.
Service delays	%	n.p.	n.p.	n.p.	n.p.	n.p.
<i>Size</i>						
Total assets (7)	\$M	509	510	502	422	375
Total revenue	\$M	223	224	222	217	205
Cash box and other non-government revenue	\$'000	53 122	55 681	53 355	54 982	10 596
Total employment (8)	No	3 261	3 107	2 925	2 683	2 136
Total vehicle kilometres	'000 km	46 700	44 894	46 220	47 286	44 279
Total passenger boardings	'000	71 952	66 168	65 433	62 463	57 205
Number of scheduled services	'000	2 388	2 430	2 585	2 494	2 086
Revenue vehicle fleet	No	848	843	871	861	738
<i>Cost and Revenue Measures</i>						
Average fare per boarding	\$/Bd	1.02	1.05	1.01	1.04	n.p.
Passenger revenue per vehicle kilometre	\$/km	1.58	1.54	1.42	1.38	n.p.
Passenger revenue per employee	\$/Emp	22 599	22 295	22 510	24 297	n.p.
Expenditure per vehicle kilometre	\$/km	4.72	4.75	4.77	4.44	4.45
Expenditure per boarding	\$/Bd	3.07	3.23	3.37	3.36	3.44
Government operating subsidy	%	78.2	76.4	76.6	79.7	96.9

Non-financial Ratios - Buses

TRANSADELAIDE (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>Economic Factors</i>						
Total factor productivity (10)	Index	1.03	1.08	1.11	1.25	n.p.
Economic rate of return	%	n.p.	n.p.	n.p.	n.p.	n.p.
<i>Efficiency</i>						
Passenger revenue per total vehicle capacity kilometre (5)	Cents/ TVCKm	2.00	2.00	1.86	1.80	n.p.
Expenditure per total vehicle capacity kilometre (5, 6)	Cents/ TVCKm	4.90	5.00	5.17	4.80	n.p.
Employees per vehicle	Emp/Veh	3.70	3.50	3.16	2.90	2.90
Vehicles in excess of maximum daily demand	%	11.1	11.7	11.2	11.3	12.6
Kilometres per vehicle	km/Veh	56 232	53 486	52 860	55 001	60 039
Vehicle kilometres per employee	km/Emp	16 813	17 071	18 624	20 763	23 640
Vehicle capacity kilometres per employee	'000 TVCKm/ Emp	1 257	1 266	1 353	1 513	1 674
<i>Effectiveness</i>						
Boardings per vehicle kilometre	Bd/km	1.53	1.43	1.33	1.23	1.21
Boardings per employee	Bd/Emp	25 749	24 333	24 729	25 638	28 675
<i>Service Quality</i>						
Service cancellations	%	n.p.	n.p.	0.21	0.19	n.p.
Service delays (9)	%	n.p.	n.p.	0.29	0.13	n.p.
<i>Size</i>						
Total employment (8)	No	2 348	2 237	2 038	1 931	1 567
Total vehicle kilometres	'000 km	39 475	38 189	39 222	40 096	37 044
Total passenger boardings	'000	60 457	54 435	52 080	49 511	44 933
Number of scheduled services	'000	2 200	2 236	2 389	2 303	1 890
Revenue vehicle fleet	No	702	714	742	729	617
<i>Cost and Revenue Measures</i>						
Average fare per boarding	\$/Bd	0.99	1.04	1.02	1.04	n.p.
Passenger revenue per vehicle kilometre	\$/km	1.52	1.48	1.35	1.28	n.p.
Passenger revenue per employee	\$/Emp	25 530	25 224	25 130	26 601	n.p.
Expenditure per vehicle kilometre	\$/km	3.7	3.7	3.8	3.5	n.p.
Expenditure per boarding	\$/Bd	2.4	2.6	2.8	2.9	n.p.
Government operating subsidy	%	76.1	74.1	74.5	76.3	n.p.
Non-financial Ratios - Trains						

TRANSADELAIDE (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>Economic Factors</i>						
Total factor productivity (10)	Index	0.68	0.57	0.58	0.62	n.p.
Economic rate of return	%	n.p.	n.p.	n.p.	n.p.	n.p.
<i>Efficiency</i>						
Passenger revenue per total vehicle capacity kilometre (5)	Cents/ TVCKm	0.80	0.90	0.86	0.90	n.p.
Expenditure per total vehicle capacity kilometre (5, 6)	Cents/ TVCKm	5.00	5.50	5.44	5.00	n.p.
Employees per vehicle	Emp/Veh	8.90	8.30	7.80	7.10	5.60
Vehicles in excess of maximum daily demand	%	38.9	17.4	17.4	19.4	13.6
Kilometres per vehicle	km/Veh	52 296	55 296	58 157	58 712	65 470
Vehicle kilometres per employee	km/Emp	8 182	7 845	8 760	9 915	13 375
Vehicle capacity kilometres per employee	'000 TVCKm/ Emp	1 714	1 512	1 686	1 902	2 683
<i>Effectiveness</i>						
Boardings per vehicle kilometre	Bd/km	1.42	1.64	1.78	1.68	1.60
Boardings per employee	Bd/Emp	11 595	12 879	15 628	16 652	21 350
<i>Service Quality</i>						
Service cancellations	%	n.p.	0.10	0.00	n.p.	n.p.
Service delays (9)	%	n.p.	13.80	7.90	n.p.	n.p.
<i>Size</i>						
Total employment (8)	No	799	761	694	657	490
Total vehicle kilometres	'000 km	6 537	5 972	6 281	6 517	6 547
Total passenger boardings	'000	9 264	9 804	11 205	10 945	10 451
Number of scheduled services	'000	144	150	151	147	151
Revenue vehicle fleet	No	125	108	108	111	100
<i>Cost and Revenue Measures</i>						
Average fare per boarding	\$/Bd	1.15	1.07	0.92	1.04	n.p.
Passenger revenue per vehicle kilometre	\$/km	1.63	1.76	1.65	1.75	n.p.
Passenger revenue per employee	\$/Emp	13 373	13 769	14 448	17 312	n.p.
Expenditure per vehicle kilometre	\$/km	11.26	11.48	10.29	9.20	n.p.
Expenditure per boarding	\$/Bd	7.42	6.51	5.87	5.69	n.p.
Government operating subsidy	%	83.3	81.0	81.8	88.4	n.p.
Non-financial Ratios - Trams						

TRANSADELAIDE (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>Economic Factors</i>						
Total factor productivity (10)	Index	0.45	0.51	0.56	0.57	n.p.
Economic rate of return	%	n.p.	n.p.	n.p.	n.p.	n.p.
<i>Efficiency</i>						
Passenger revenue per total vehicle capacity kilometre (5)	Cents/ TVCKm	3.60	2.60	2.80	2.80	n.p.
Expenditure per total vehicle capacity kilometre (5, 6)	Cents/ TVCKm	9.00	9.20	8.00	7.20	n.p.
Employees per vehicle	Emp/Veh	9.50	9.10	8.50	7.80	6.60
Vehicles in excess of maximum daily demand	%	75.0	75.0	75.0	75.0	75.0
Kilometres per vehicle	km/Veh	32 762	34 905	34 143	32 048	32 762
Vehicle kilometres per employee	km/Emp	6 028	6 741	7 029	7 156	8 654
Vehicle capacity kilometres per employee	'000 TVCKm/ Emp	751	845	901	917	1 101
<i>Effectiveness</i>						
Boardings per vehicle kilometre	Bd/km	3.24	2.63	3.00	2.98	2.65
Boardings per employee	Bd/Emp	19 547	17 739	21 059	21 341	22 906
<i>Service Quality</i>						
Service cancellations	%	n.p.	n.p.	0.00	0.0	n.p.
Service delays (9)	%	n.p.	n.p.	0.00	0.00	n.p.
<i>Size</i>						
Total employment (8)	No	114	109	99	94	80
Total vehicle kilometres	'000 km	688	733	717	673	688
Total passenger boardings	'000	2 231	1 929	2 148	2 007	1 821
Number of scheduled services	'000	44	44	45	44	45
Revenue vehicle fleet	No	21	21	21	21	21
<i>Cost and Revenue Measures</i>						
Average fare per boarding	\$/Bd	1.38	1.22	1.19	1.21	n.p.
Passenger revenue per vehicle kilometre	\$/km	4	3	4	4	n.p.
Passenger revenue per employee	\$/Emp	26 898	21 721	25 088	25 829	n.p.
Expenditure per vehicle kilometre	\$/km	11	11	10	9	n.p.
Expenditure per boarding	\$/Bd	3	4	3	3	n.p.
Government operating subsidy	%	72	79	72	70	n.p.

TRANSADELAIDE (continued)

NOTES TO INDICATORS FOR TRANSADELAIDE

Key: n.p. - not provided; n.r. - not relevant.

- 1) Based on 230 available working days per person.
- 2) Population estimates for metro area based on figures for Adelaide Statistical Division, (ABS Cat. No. 3202.4) for June 1988 to June 1993. Figure for 30 June 1996 based on assumed 1993-96 growth of 0.4 percent.
- 3) Catchment population derived as Adelaide Statistical Division minus D.C. of Willunga.
- 4) Calculated on the basis of movements in fare revenue per journey.
- 5) For the purposes of inter-system comparison, vehicle capacity figures (ie number of seated-standees for each vehicle) are calculated here on the notional basis of seated plus 50 per cent for buses and seated plus 100 per cent for trams and railcars. In practice, the number of standees permitted on all STA vehicles is determined by safety considerations on an individual vehicle basis. In the case of trams and railcars, the number standees permitted never exceeds 32.
- 6) Expenditure includes abnormal.
- 7) Asset figures provided are written down values based on the following valuation methods:
 - a) replacement cost adjusted for age and condition;
 - b) current market valuation; and
 - c) historical cost less accumulated depreciation.
- 8) Employee numbers are full time equivalents a at 30 June 1996.
- 9) Service delay figures not provided.
- 10) The method of calculating Total Factor Productivity for 1994-5 differs from previous years. For individual modes, the data for bus services in 1990-91 has been used as a base. For GTE aggregate TFP indices (ie. across modes) data for 1990-91 has been used as a base. In previous years, weighted average data was used as a base for all TFP indices.

TRANSADELAIDE (continued)

Units 1991-92 1992-93 1993-94 1994-95 1995-96

METROBUS

Western Australia

Comments on own performance

The Metropolitan (Perth) Passenger Transport Trust was established by an Act of Parliament that was proclaimed in January 1958. Prior to its establishment public transport services were provided by private operators. The faltering financial viability of private operators resulted in government intervention to ensure a reliable public transport system. The public transport system adopted the trading name of Transperth in 1986 to provide a strong visual cohesion to the bus, train and ferry services and facilities it provided. As part of the government's transport reform strategy Transperth was restructured during the latter part of 1993–94. The reforms included the establishment of a Public Transport Coordinator within the Department of Transport which is responsible for public transport policy, planning and the coordination of competitive tendering of route service contracts. MetroBus was the trading name adopted by the Metropolitan (Perth) Passenger Transport Trust (MTT) subsequent to the restructure. The change has allowed MetroBus to concentrate on the provision of cost effective public transport services. As the government owned operator it is competing for service contracts as they are tendered.

Since the reform process commenced in September 1993, MetroBus has accumulated \$35 million dollars in savings. Over the past three years MetroBus has won three tenders with a further six being transferred to three private operators.

MetroBus is now consolidating its remaining business (approximately 50 per cent of the bus network) and is focussing on improving services and customers relations.

METROBUS (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Financial Ratios - All operations						
Return on assets (1,5)	%	7.9	4.1	36.3	183.7	- 31.5
Return on operating assets (1,5)	%	8.1	4.3	39.0	205.9	- 43.5
Operating sales margin	%	6.9	3.4	23.6	71.4	- 37.2
Return on equity (1,5)	%	0.0	13.7	- 128.4	- 878.1	n.p.
Dividend to equity ratio (1,5)	%	0.0	0.0	0.0	0.0	n.p.
Dividend payout ratio	%	0.0	0.0	0.0	0.0	n.p.
Debt to equity (1,5)	%	- 217.8	- 250.9	- 360.9	- 216.9	0.0
Total liabilities to equity (1,5)	%	- 423.0	- 477.3	- 640.6	- 555.2	- 375.2
Current ratio	%	95.3	154.0	424.1	316.7	120.1
Interest cover	%	99.9	51.0	489.6	2 012.3	- 602.7
Cost recovery ratio	%	61.2	63.3	64.9	64.5	50.6
Operational performance (1,5)	%	- 42.4	- 42.7	- 44.4	- 29.2	- 76.1

Non-financial Ratios - All operations*Economic Factors*

Total factor productivity (4)	Index	1.96	1.87	2.07	2.12	n.p.
Economic rate of return	%	n.p.	n.p.	n.p.	n.p.	n.p.

Efficiency

Passenger revenue per total vehicle capacity kilometre	Cents/ TVCKm	1.40	1.25	1.27	1.44	1.87
Expenditure per total vehicle capacity kilometre	Cents/ TVCKm	5.20	4.90	4.70	4.06	4.10
Employees per vehicle	Emp/Veh	3.10	3.20	3.20	2.40	1.88
Vehicles in excess of maximum daily demand	%	16.1	15.7	15.1	11.3	9.6
Kilometres per vehicle	km/Veh	55 623	58 554	62 692	56 809	47 580
Vehicle kilometres per employee	km/Emp	20 597	21 010	22 852	26 724	30 403
Vehicle capacity kilometres per employee	'000 TVCKm/ Emp	1 482	1 667	1 944	1 823	1 981
Total days lost:						
- industrial disputes	%	n.p.	n.p.	n.p.	n.p.	n.p.
- sick leave	%	n.p.	n.p.	n.p.	n.p.	n.p.
- industrial accidents	%	n.p.	n.p.	n.p.	n.p.	n.p.
- total	%	n.p.	n.p.	n.p.	n.p.	n.p.

ALL OPERATIONS(continued)

METROBUS (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>Effectiveness</i>						
Real price index	Index	113.31	120.53	140.09	142.48	143.96
Boardings per vehicle kilometre (2)	Bd/km	1.1	1.1	1.1	1.0	1.0
Boardings per employee (2)	Bd/Emp	23 249	23 757	25 804	26 819	29 212
Boardings per head of population:						
- metro (2)	Bd/Hd	52.3	52.1	54.3	38.9	38.6
- catchment (2)	Bd/Hd	n.r.	n.r.	n.r.	n.r.	n.r.
<i>Size</i>						
Total assets (1)	\$M	187	196	195	130	78
Total revenue (5)	\$M	204	231	302	418	89
Cash box and other non-government revenue	\$'000	40	42	54	33	58
Total employment	No	2 665	2 734	2 694	1 815	1 543
Total vehicle kilometres	'000 km	54 900	57 442	61 564	48 514	47 580
Total passenger boardings (2)	'000	61 969	64 953	69 516	48 757	45 717
Number of scheduled services	'000	2 358	2 413	2 532	2 212	2 096
Revenue vehicle fleet	No	987	981	982	854	833
<i>Cost and Revenue Measures</i>						
Average fare per boarding (2)	\$/Bd	0.89	0.88	0.96	0.98	1.27
Passenger revenue per vehicle kilometre	\$/km	1.01	1.00	1.08	0.98	1.87
Passenger revenue per employee	\$/Emp	20 723	20 916	24 722	26 216	56 880
Expenditure per vehicle kilometre	\$/km	3.72	3.91	3.98	2.77	2.67
Expenditure per boarding (2)	\$/Bd	3.30	3.46	3.53	2.75	2.78
Government operating subsidy	%	75.4	84.1	83.9	81.9	23.2

Non-financial Ratios - Buses

METROBUS (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>Economic Factors</i>						
Total factor productivity	Index	0.99	0.95	1.04	1.08	n.p.
Economic rate of return	%	n.p.	n.p.	n.p.	n.p.	n.p.
<i>Efficiency</i>						
Passenger revenue per total vehicle capacity kilometre	Cents/ TVCKm	1.39	1.30	1.40	1.44	1.87
Expenditure per total vehicle capacity kilometre	Cents/ TVCKm	4.00	4.30	4.40	4.03	4.10
Employees per vehicle	Emp/Veh	2.70	2.80	2.70	2.37	1.88
Vehicles in excess of maximum daily demand	%	16.8	16.0	15.0	11.4	9.6
Kilometres per vehicle	km/Veh	53 664	54 215	54 483	56 983	57 119
Vehicle kilometres per employee	km/Emp	23 099	22 722	23 279	26 747	30 403
Vehicle capacity kilometres per employee	'000 TVCKm/ Emp	1 569	1 522	1 543	1 825	1 981
<i>Effectiveness</i>						
Boardings per vehicle kilometre (2)	Bd/km	1.05	1.02	0.95	1.00	0.96
Boardings per employee (2)	Bd/Emp	24 254	23 077	22 071	26 728	27 398
<i>Service Quality</i>						
Service cancellations (6)	%	0.09	0.08	0.10	0.11	0.90
Service delays	%	0.13	0.14	0.18	0.15	0.10
<i>Size</i>						
Total employment	No	2 130	2 176	2 090	1 813	1 565
Total vehicle kilometres	'000 km	49 210	49 443	48 653	48 492	47 580
Total passenger boardings (2)	'000	51 671	50 215	46 129	48 459	45 717
Number of scheduled services	'000	2 214	2 227	2 275	2 198	2 096
Revenue vehicle fleet	No	917	912	893	851	833
<i>Cost and Revenue Measures</i>						
Average fare per boarding (2)	\$/Bd	0.90	0.85	0.98	0.98	1.27
Passenger revenue per vehicle kilometre	\$/km	0.94	0.87	0.93	0.98	1.87
Passenger revenue per employee	\$/Emp	21 773	19 660	21 565	26 183	56 880
Expenditure per vehicle kilometre	\$/km	2.7	2.9	2.9	2.8	2.7
Expenditure per boarding (2)	\$/Bd	2.6	2.8	3.0	2.8	2.8

METROBUS (continued)

NOTES TO INDICATORS FOR METROBUS

Key: n.p. - not provided; n.r. - not relevant.

- 1) It should be noted that prior to 1994–95 assets pertaining to rail infrastructure are not MetroBus (Transperth) assets but belong to Westrail who provided the suburban rail services under contract to MetroBus (Transperth). MetroBus was not associated with the provision of train services during 1994–95.
- 2) Boardings include charter boardings calculated for this report on the basis of number of charter trips times average rigid bus fleet capacity. These boardings are only used for this particular report.
- 3) Asset valuation by MetroBus utilises an historical costing methodology.
- 4) The method of calculating Total Factor Productivity indices for 1994–95 differs from previous years. For individual modes, the data for bus services in 1990–91 has been used as a base. For GTE aggregate TFP indices (ie. across modes) data for 1990–91 has been used as a base. In previous years, weighted average data was used as a base for all TFP indices.
- 5) 1994–95 financial ratios and total revenue are affected by abnormal items of \$275.932 million which relate to actuarial adjustments to superannuation provisions.
- 6) The 1995–96 figure for service cancellations is higher than in previous years as a result of industrial action by drivers during the year. The level of service cancellations for other reasons is consistent with previous years.

METROBUS (continued)

Units *1991-92* *1992-93* *1993-94* *1994-95* *1995-96*

METROPOLITAN TRANSPORT TRUST**Tasmania****Comments on own performance**

Metro was established by Act of Parliament in 1954 to take over public transport supplied by local authorities in Hobart and Launceston, both because the cost of subsidising the services became too high and because of the need to expand the network.

Current operations

Metro's operating environment is regulated by the *Metropolitan Transport Act 1954*, which prescribes the areas in which it may operate and its powers and functions. Metro became a Government Business Enterprise subject to the *Government Business Enterprise Act 1995* (GBE Act) on 1 July 1995. The GBE Act provides a framework that enables Tasmania's GBE's to manage their operational affairs with greater independence, whilst providing for improved strategic oversight and accountability. In this way, the economic efficiency of the commercial operations of Government can be enhanced, maximising the long term sustainable returns to the State and improving the efficient operation of the whole economy.

The *Government Prices Oversight Act 1995* provides for the establishment of an independent commission to investigate and report on the pricing policies of Government Business Enterprises (GBEs) that are monopoly, near monopoly, suppliers of goods and services. Metro's prices will be the subject of investigation during the second half of the 1996 calendar year.

Currently fares, service levels and concession eligibility are effectively subject to Government endorsement. Services are heavily, and increasingly so, patronised by children and adult concession passengers. In the period under review, the percentage of full fare paying adult passengers decreased from 33 per cent in 1990–91 to 26 per cent in 1995–96.

Financial Performance

Patronage, as measured by first boardings, has declined 2.2 per cent for the financial year. The deficit before 'abnormal items' decreased by 1.7 per cent in actual terms, (4.6 per cent in real terms). Abnormal charges of \$5.1 million were incurred as the result of asset revaluation.

Metro obtains reimbursement from the government for costs incurred in providing transport for school travel. Although no reimbursement is received explicitly for uneconomic activities other than school travel, Metro received a contribution to its operations of \$13.9 million in 1995–96.

METROPOLITAN TRANSPORT TRUST (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Financial Ratios						
Return on assets (1,6,7)	%	2.6	29.4	- 3.2	- 5.5	- 6.9
Return on operating assets (1,2,6,7)	%	- 9.9	46.8	- 16.9	- 16.1	- 13.9
Operating sales margin (1,6,7)	%	- 10.1	32.1	- 20.5	- 22.6	- 19.5
Return on equity (3,6,7)	%	0.8	53.9	- 10.1	- 12.6	- 16.8
Dividend to equity ratio	%	0.0	0.0	0.0	0.0	0.0
Dividend payout ratio (3)	%	0.0	0.0	0.0	0.0	0.0
Debt to equity (4)	%	53.3	23.3	21.6	21.0	29.2
Total liabilities to equity	%	227.5	84.6	86.0	92.3	113.9
Current ratio (5)	%	185.7	120.9	87.9	323.1	46.6
Interest cover (1,6,7)	%	109.4	1 530.1	- 194.2	- 352.6	- 440.1
Cost recovery ratio (1)	%	35.3	37.8	46.4	50.4	48.8
Operational performance (1,2)	%	- 70.1	- 61.7	- 47.2	- 38.5	- 39.5
Non-financial Ratios						
<i>Economic Factors</i>						
Total factor productivity	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Economic rate of return	%	n.p.	n.p.	n.p.	n.p.	n.p.
<i>Efficiency</i>						
Passenger revenue per total vehicle capacity kilometre (9)	Cents/ TVCKm	1.38	1.37	1.27	1.34	1.36
Expenditure per total vehicle capacity kilometre	Cents/ TVCKm	4.82	4.62	5.20	4.84	5.12
Employees per vehicle	Emp/Veh	2.47	2.38	2.28	2.22	2.22
Vehicles in excess of maximum daily demand	%	14.1	14.1	13.0	13.2	9.8
Kilometres per vehicle	km/Veh	42 790	43 588	44 165	44 630	46 326
Vehicle kilometres per employee	km/Emp	19 753	20 850	21 857	22 680	22 896
Vehicle capacity kilometres per employee	'000 TVCKm/ Emp	1 273	1 331	1 383	1 507	1 479
Total days lost:						
- industrial disputes	%	0.00	0.00	0.00	0.00	0.00
- sick leave	%	5.04	2.52	3.52	3.30	2.73
- industrial accidents	%	0.10	0.13	0.44	3.00	3.11
- total	%	5.15	2.65	3.96	6.30	5.84
<i>Effectiveness</i>						

METROPOLITAN TRANSPORT TRUST (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Real price index	Index	118.37	117.77	117.70	128.88	128.52
Boardings per vehicle kilometre	Bd/km	1.2	1.1	1.1	1.1	1.1
Boardings per employee	Bd/Emp	23 098	23 539	23 935	24 521	24 205
Boardings per head of population:						
- metro	Bd/Hd	46.60	45.80	43.90	43.90	43.1
- catchment	Bd/Hd	51.50	50.70	48.60	48.60	47.6
<i>Service Quality</i>						
Service cancellations	%	n.p.	n.p.	n.p.	n.p.	n.p.
Service delays	%	n.p.	n.p.	n.p.	n.p.	n.p.
<i>Size</i>						
Total assets	\$M	61	64	65	63	57
Total revenue	\$M	32	48	32	31	31
Cash box and other non-government revenue (8)	\$'000	13 326	12 754	11 836	11 604	10 336
Total employment	Emp	526	508	491	480	478
Total vehicle kilometres	'000 km	10 398	10 592	10 732	11 068	10 933
Total passenger boardings	'000	12 159	11 958	11 752	11 770	11 558
Number of scheduled services	'000	880	880	808	808	740
Revenue vehicle fleet	No	243	243	243	248	236
<i>Cost and Revenue Measures</i>						
Average fare per boarding (9)	\$/Bd	0.76	0.77	0.73	0.83	0.83
Passenger revenue per vehicle kilometre (9)	\$/km	0.89	0.87	0.80	0.88	0.88
Passenger revenue per employee (9)	\$/Emp	17 624	18 181	17 546	20 231	20 120
Expenditure per vehicle kilometre	\$/km	3.10	2.95	3.26	2.85	3.31
Expenditure per boarding	\$/Bd	2.65	2.61	2.98	2.68	3.13
Government operating subsidy	%	60.6	62.1	58.2	61.1	57.3

METROPOLITAN TRANSPORT TRUST (continued)

NOTES TO INDICATORS FOR METROPOLITAN TRANSPORT TRUST

Key: n.p. - not provided; n.r. - not relevant.

- 1) Gross interest charges excludes operating lease charges.
- 2) Bank overdraft not netted off against financial assets.
- 3) Income tax equivalent payable to State Government commencing 1990-91 at company tax rate.
- 4) Debt includes bank overdraft.
- 5) Current assets include stores.
- 6) 1992-93 results from adjustments to superannuation provisions.
- 7) 1993-94 financial indicators affected by a loss on property revaluation. 1994-95 financial indicators affected by revaluation of bus fleet. 1995-96 financial indicators affected by property and bus revaluations and a change in accounting policy regarding workers compensation charges.
- 8) Includes profit on fixed asset disposals, but not proceeds.
- 9) No payments are received to compensate for concession fares, concessions include free school travel for some children, notional fares revenue has been included.

ACTION**Australian Capital Territory****Comments on own performance**

ACTION (Australian Capital Territory Internal Omnibus Network) is a division of the ACT Government Department of Urban Services. ACTION was established in 1977 under the provisions of the *Motor Omnibus Services Act 1955* but had operated previously as the Canberra Bus Service as a unit of various Federal Government departments with responsibility for the ACT.

ACTION provides public transport services in the form of scheduled urban and school bus services throughout the entire Canberra metropolitan area. As the ACT private bus sector is small and concentrates on tourist/charter work plus some special school services, ACTION has an almost non-competitive environment. Following the introduction of self government for the ACT in May 1989 there have been substantial changes in Action's financial arrangements. It is now liable for the payment of State and Federal taxes and charges (excluding payroll tax), has assumed responsibility for a range of corporate service functions and costs previously provided centrally by the Department, and pays debt servicing charges on capital advances, including on assets transferred to the ACT on self government.

A budget strategy of reducing the real level of Government outlays commenced in 1992–93 and by 1994–95 savings of more than \$10 million had been achieved through productivity and efficiency initiatives. The savings strategy is continuing with the ACT Treasury and ACTION agreeing to a further reduction of \$12.7 million over three years (1995–96 to 1997–98).

The first year of the new savings agreement was unsettled due to industrial action (between the Government and the unions) which resulted in fares not being collected over a two month period. Consequently income of about \$3 million, normally received as fares revenue to Action's account was instead supplemented by the Government. The dispute also resulted in cost savings of about \$0.9 million being deferred. With this aside Action's effort in reducing Government outlays in the first year of the new agreement was significant, down about \$3 million on the previous year.

The impact of the budget strategy and associated productivity measures has resulted in a continuation of improved performance against most indicators for 1995–96. In particular statistics utilising 'employees' and 'vehicles' continue to show significant improvement reflecting the reform that is occurring within the organisation. Some of the revenue indicators failed to match the performance of the previous year due to the industrial dispute.

ACTION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Financial Ratios						
Return on assets	%	1.5	4.9	10.7	6.8	4.3
Return on operating assets	%	1.5	4.9	10.8	6.8	4.3
Operating sales margin	%	2.8	8.9	18.1	11.9	7.9
Return on equity	%	- 12.1	- 4.4	10.2	0.2	- 3.3
Dividend to equity ratio	%	0.0	0.0	0.0	0.0	0.0
Dividend payout ratio	%	0.0	0.0	0.0	0.0	0.0
Debt to equity	%	128.0	142.7	118.3	112.9	106.8
Total liabilities to equity	%	157.0	172.9	143.1	138.9	136.3
Current ratio	%	54.3	59.0	71.1	58.1	52.6
Interest cover	%	24.3	74.5	159.2	101.1	75.8
Cost recovery ratio	%	33.8	41.9	58.5	61.2	56.4
Operational performance	%	- 34.9	- 27.7	- 20.2	- 19.2	- 22.2

Non-financial Ratios*Economic Factors*

Total factor productivity	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Economic rate of return	%	n.p.	n.p.	n.p.	n.p.	n.p.

Efficiency

Passenger revenue per total vehicle capacity kilometre	Cents/ TVCKm	1.00	1.00	1.27	1.34	1.28
Expenditure per total vehicle capacity kilometre	Cents/ TVCKm	6.00	5.00	4.94	4.98	4.67
Employees per vehicle	Emp/Veh	2.73	2.70	2.57	2.49	2.30
Vehicles in excess of maximum daily demand	%	15.3	10.8	10.2	9.2	9.0
Kilometres per vehicle	km/Veh	42 294	47 820	50 010	53 866	54 491
Vehicle kilometres per employee	km/Emp	17 850	19 649	21 411	23 404	25 639
Vehicle capacity kilometres per employee	'000 TVCKm/ Emp	1 222	1 351	1 451	1 585	1 747
Total days lost:						
- industrial disputes	%	n.p.	n.p.	n.p.	n.p.	n.p.
- sick leave	%	n.p.	n.p.	n.p.	n.p.	n.p.
- industrial accidents	%	n.p.	n.p.	n.p.	n.p.	n.p.
- total	%	n.p.	n.p.	n.p.	n.p.	n.p.

Effectiveness

ACTION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Real price index	Index	111.0	115.9	122.1	121.4	122.5
Boardings per vehicle kilometre	Bd/km	1.3	1.2	1.1	1.2	1.2
Boardings per employee	Bd/Emp	22 948	23 135	24 234	26 847	29 485
Boardings per head of population:						
- metro	Bd/Hd	84.54	80.19	78.75	78.76	78.26
- catchment	Bd/Hd	84.54	80.19	78.75	78.76	78.26
<i>Service Quality</i>						
Service cancellations	%	1.48	0.27	1.25	0.60	0.50
Service delays	%	0.03	0.03	0.06	0.04	0.00
<i>Size</i>						
Total assets	\$M	135	128	127	122	117
Total revenue	\$M	70	72	75	71	65
Cash box and other non-government revenue	\$'000	15 190	18 884	17 555	19 174	18 174
Total employment	Emp	1 071	1 027	981	893	814
Total vehicle kilometres	'000 km	19 117	20 180	21 004	20 900	20 870
Total passenger boardings	'000	24 577	23 760	23 774	23 974	24 001
Number of scheduled services	'000	1 125	1 066	1 077	995	884
Revenue vehicle fleet	No	452	422	420	391	386
<i>Cost and Revenue Measures</i>						
Average fare per boarding	\$/Bd	0.66	0.72	0.76	0.79	0.76
Passenger revenue per vehicle kilometre	\$/km	0.85	0.84	0.86	0.91	0.87
Passenger revenue per employee	\$/Emp	15 246	16 598	18 421	21 278	22 327
Expenditure per vehicle kilometre	\$/km	3.99	3.66	3.35	3.37	3.19
Expenditure per boarding	\$/Bd	3.10	3.11	2.96	2.94	2.77
Government operating subsidy	%	71.7	69.7	65.3	56.6	56.1

NOTES TO INDICATORS FOR ACTION

Key: n.p. - not provided; n.r. - not relevant.

5 RAILWAYS

State Rail Authority of New South Wales (NSW)	297
Public Transport Corporation (Vic)	303
Queensland Rail (Qld)	317
Westrail (WA)	323
Australian National Railways Commission (C'wealth)	329
National Rail Corporation (C'wealth)	333

Comments on own performance

The State Rail Authority of NSW (SRA) operates passenger and freight services throughout NSW and provides railway network infrastructures. Until 30 June 1996 it was structured into four separate business groups: CityRail, Freight Rail, Countrylink and the Railway Services Group (RSG).

CityRail provides passenger services throughout the Sydney metropolitan area and to regional areas of NSW. Countrylink operates long distance passenger services throughout NSW and interstate services are also provided to Brisbane and Melbourne. Freight Rail provides rail based freight transportation throughout NSW. The RSG provides major rail infrastructure maintenance and construction, and rollingstock maintenance services to CityRail, Freight Rail, Countrylink and the rail industry in NSW and interstate.

In August 1995, the NSW Government announced a program of microeconomic reform including corporatisation of significant rail businesses.

The restructure divided the SRA into the following four new independent businesses:

- Rail Access Corporation (RAC) as owner of the rail infrastructure with the responsibility for negotiating use of the track by rail operators, setting standards for operators and funding the upkeep of the track;
- Railway Services Authority of NSW (RSA) as maintainer for the track under contract to RAC and responsible for construction services, as well as rollingstock overhaul and repair;
- Freight Rail Corporation, providing freight services throughout NSW, and owning and maintaining its own rollingstock and locomotives; and
- a new State Rail Authority (SRA), providing city and country passenger rail services throughout NSW and responsible for train control under contract to the RAC.

Accordingly, 1995–96 will be the last set of performance indicators for the ‘old’ State Rail Authority.

Over the five year period, the SRA has significantly reduced its call upon Government for funds to support its operations. Government contributions (excluding grants for capital works) have decreased each year from \$264.5 million in 1991–92 to \$65.1 million in 1995–96, down 75 per cent.

The past five years has also seen a continuous improvement in both employee and asset productivity as evidenced by CityRail passenger journeys per employee which has increased from 20 804 to 25 619 (23 per cent) and Freight Rail NTKs per employee up from 1 088 to 1 885 (73 per cent).

STATE RAIL AUTHORITY OF NSW (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Financial Ratios (1)						
Return on assets (2)	%	- 4.0	- 1.7	- 2.5	- 5.2	- 5.6
Return on operating assets	%	- 4.2	- 1.9	- 2.8	- 5.5	- 5.7
Operating sales margin	%	- 10.3	- 5.1	- 8.6	- 29.5	- 42.0
Return on equity (3)	%	- 7.2	- 3.5	- 4.8	- 7.5	- 7.5
Dividend to equity ratio	%	0.0	0.0	0.0	0.0	0.0
Dividend payout ratio	%	0.0	0.0	0.0	0.0	0.0
Debt to equity	%	6.6	6.2	12.7	5.7	6.7
Total liabilities to equity	%	71.3	63.3	63.5	23.0	25.2
Current ratio	%	82.0	92.7	76.0	64.8	48.5
Interest cover	%	- 1 718.8	- 435.6	- 632.0	-1 466.5	-1 326.7
Cost recovery ratio	%	78.6	82.3	83.1	70.0	65.3
Operational performance	%	- 9.4	- 6.9	- 5.9	- 7.2	- 6.7

Non-financial Ratios***RAIL (Non-urban and urban)******Economic Factors***

Total factor productivity (4)	Index	123.10	144.60	165.70	161.30	176.40
Economic rate of return	%	n.p.	n.p.	n.p.	n.p.	n.p.

Efficiency

Employee productivity:						
- urban rail pass journeys per employee (5)	No/Emp	20 804	20 774	21 928	24 224	25 619
- non-urban passenger kilometres per employee (5)	'000Pkm/ Emp	731	762	815	808	733
- net freight tonne-kilometres per employee (5)	'000NFTkm/ Emp	1 088	1 295	1 572	1 642	1 885
Net freight tonne-kilometres per wagon (12)	'000NFTkm/ Wag	1 903	2 097	2 246	1 436	1 892
Net freight tonne-kilometres per locomotive (12)	'000NFTkm/ Loco	25 482	27 994	31 523	29 033	31 166
Total days lost:						
- industrial disputes	%	0.30	0.00	0.00	0.00	0.00
- sick leave	%	3.50	4.60	4.70	4.40	4.20
- industrial accidents	%	0.50	0.70	0.80	0.70	0.80
- total	%	4.30	5.40	5.50	5.00	5.10

STATE RAIL AUTHORITY OF NSW (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>RAIL (Non-urban and urban) (continued)</i>						
<i>Effectiveness</i>						
Real price index (overall) (6)	Index	103.1	104.5	103.4	100.0	97.1
Real urban fare revenue index	Index	105.5	109.7	110.6	109.5	110.7
Real non-urban fare revenue index	Index	106.8	109.6	113.5	113.5	112.6
Real freight revenue index	Index	101.2	101.1	98.3	92.6	86.6
Train kilometres per level crossing accident	'000 km/ Acc	1 709	1 683	1 176	3 866	3 841
Number of level crossing accidents	No	32	31	47	15	15
Train kilometres	'000 km	54 694	52 183	55 289	57 992	57 609
<i>Service Quality</i>						
Service cancellations (urban only)	%	0.6	0.5	0.7	0.7	0.7
Train trips cancelled	No	682	578	706	732	748
Total trips scheduled	No	108 847	105 374	106 072	105 961	107 557
On time running:						
- urban (within 3 minutes) (7)	%	90.3	92.0	92.2	90.8	88.7
- non-urban (various) (8)	%	84.8	87.9	84.8	86.3	89.0
- freight (within 30 minutes) (9)	%	78.4	81.1	85.0	90.0	89.0
<i>Size</i>						
Total assets (1,13)	\$M	4 663	5 213	6 031	12 283	12 466
Total revenue (1)	\$M	1 725	1 740	1 751	1 684	1 675
Cash box and other non-government revenue	\$M	1 084	1 113	1 150	1 094	1 189
Total route-kilometres operated	No	7 476	7 281	7 410	7 605	7 974
Urban rail passenger journeys	'000	243 800	229 800	234 800	249 600	256 394
Non-urban passenger kilometres (10)	Mill. Pkm	819	848	834	903	963
Number of employees (average): (5)						
- urban	No	11 719	11 062	10 708	10 304	10 008
- non-urban passenger	No	1 120	1 113	1 023	1 117	1 314
- freight	No	12 697	11 461	10 306	9 308	8 643
- total	No	25 536	23 636	22 037	20 729	19 964
Net freight tonne-kilometres	Mill.NFTkm	13 811	14 837	16 203	9 000	10 067
Net freight tonne-kilometres per route-kilometres	'000NFTkm/ Rkm	2 020	2 238	2 397	2 198	2 225
Route-kilometres (freight)	Rkm	6 837	6 630	6 759	6 954	7 323
Number of wagons	No	7 256	7 074	7 213	6 269	5 320
Number of locomotives	No	542	530	514	310	335
<i>RAIL (Non-urban and urban) (continued)</i>						

STATE RAIL AUTHORITY OF NSW (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>Cost and Revenue Measures (1)</i>						
Revenue per passenger:						
- urban (per journey)	Cents	161	175	174	164	166
- non-urban (per passenger km)	Cents	12	12	13	12	13
Urban passenger revenue	\$'000	392 703	401 906	408 493	408 279	424 221
Non-urban passenger revenue	\$'000	98 853	102 951	103 914	108 676	125 888
Revenue per net freight tonne-kilometre	Cents/ NFTkm	4.8	4.6	4.4	5.7	5.5
Freight revenue	\$'000	660 681	684 645	711 686	510 371	548 973
<i>URBAN OPERATIONS</i>						
<i>Efficiency</i>						
Passenger revenue per total vehicle capacity kilometre (1)	Cents/ TVCKm	1.06	1.13	1.09	0.98	0.83
Expenditure per total vehicle capacity kilometre (1,11)	Cents/ TVCKm	0.02	0.02	0.02	0.02	0.02
Employees per vehicle (5)	Emp/Veh	9.1	8.7	8.4	8.1	7.8
Vehicles in excess of maximum daily demand	%	21.80	19.70	20.70	19.00	19.6
Kilometres per vehicle	km/Veh	116 233	112 792	117 258	123 846	141 648
Vehicle kilometres per employee (5)	km/Emp	15 562	15 570	16 951	18 305	21 641
Vehicle capacity kilometres per employee (5)	'000TVCKm/ Emp	3 167	3 215	3 495	4 025	5 107
Total days lost:						
- industrial disputes	%	0.20	0.10	0.00	0.00	0.00
- sick leave	%	3.20	4.60	4.60	3.80	3.70
- industrial accidents	%	0.50	0.60	0.90	0.80	0.70
- total	%	3.90	5.30	5.50	4.60	4.40
<i>Effectiveness</i>						
Real price index	Index	105.5	109.7	110.6	109.5	110.7
Boardings per vehicle kilometre	Bd/km	1.6	1.6	1.6	1.6	1.4
Boardings per employee (5)	Bd/Emp	24 965	24 929	26 313	29 068	30 743
Boardings per head of population:						
- metro	Bd/Hd	74.1	69.5	n.p.	68.1	68.5
- catchment	Bd/Hd	92.6	86.7	n.p.	100.8	101.5

URBAN OPERATIONS (continued)

STATE RAIL AUTHORITY OF NSW (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>Service Quality</i>						
Service cancellations	%	0.0	0.0	0.0	0.0	0.7
Service delays	%	8.9	7.4	7.1	8.3	10.2
<i>Size</i>						
Total employment (5)	No	11 719	11 062	10 708	10 304	10 008
Total vehicle kilometres	'000 km	182 370	172 234	181 516	188 618	216 580
Total passenger boardings	'000	292 560	275 760	281 760	299 520	307 672
Number of scheduled services	'000	109	105	106	106	108
Revenue vehicle fleet	No	1 569	1 527	1 548	1 523	1 529
<i>Cost and Revenue Measures</i>						
Average fare per boarding (1)	\$/Bd	1.34	1.46	1.45	1.36	1.38
Passenger revenue per vehicle kilometres (1)	\$/km	2.15	2.33	2.25	2.16	1.96
Passenger revenue per employee (1, 5)	\$/Emp	33 510	36 332	38 148	39 623	42 388
Expenditure per vehicle kilometre (1)	\$/km	4.20	4.56	4.52	4.83	4.64
Expenditure per boarding (1)	\$/Bd	2.62	2.85	2.91	3.04	3.27
Government operating subsidy	%	41.1	37.5	35.3	30.0	23.7

NOTES TO INDICATORS FOR STATE RAIL AUTHORITY OF NSW

Key: n.p. - not provided: n.r. - not relevant.

- 1) All dollar amounts are in actual dollars, ie no adjustment has been made for inflation during the comparison period.
- 2) Return on assets ratio includes Government contributions (excluding capital grants).
- 3) Return on equity - operating result includes Government contributions and excludes capital grants.

STATE RAIL AUTHORITY OF NSW (continued)

NOTES TO INDICATORS FOR STATE RAIL AUTHORITY OF NSW (continued)

- 4) Total factor productivity ratios are for Freight Rail only. The TFP results measures Freight Rail's TFP growth (or decline) over time. The TFP measures do not reflect absolute TFP levels and therefore cannot be compared to the TFP results of the other agencies presented in this publication.
- 5) Employee based ratios and employee numbers includes a proportion of Corporate Group (head office) staff.
- 6) The overall real price index (total SRA) is the weighted average index for CityRail, Countrylink and Freight Rail.
- 7) Urban (CityRail) on time running is for suburban services only ie excludes Intercity services.
- 8) Countrylink on time running statistics are for train services only ie excludes feeder coach services.
- 9) Freight on time running figures are for all freight except Blue Ribbon.
- 10) Countrylink passenger kilometres data for 1991–92 includes the Indian-Pacific. Passenger km data includes intercity and peak period coach kms.
- 11) CityRail expenditure includes its share of railway joint costs but does not include finance charges recouped from the government.
- 12) Freight Rail NFTkm/loco and NFTkm/wagon for 1994–95 and 1995–96 exclude National Rail Corporation statistics.
- 13) Fixed assets were revalued in 1994–95 and therefore are significantly higher compared to previous years.

PUBLIC TRANSPORT CORPORATION**Victoria****Comments on own performance**

The Public Transport Corporation (PTC) was established on 1 July 1989 by merging the Metropolitan Transit Authority (The Met) and the State Transport Authority (V/Line).

The PTC is contracted by the Victorian Government's Department of Infrastructure to operate trains, trams and buses in the Melbourne metropolitan area and both passenger and freight services in rural Victoria. The Corporation has an annual turnover in excess of \$500 million and carries more than 236 million passengers and 6 million tonnes of freight a year, making it a key player in the national transport industry.

The PTC is essentially five individual businesses — Met Trains, Met Tram, Met Bus, V/Line Passenger and V/Line Freight. Each core business manages its own finances, human resources, planning, safety, product development, services delivery and marketing.

Two commercial services divisions - Infrastructure and Rail Vehicle Maintenance — provide engineering support services for the businesses. A small corporate headquarters group coordinates the Corporation's strategic direction and formulates policy standards for all business units, commercial services divisions and staff.

In 1995–96 the Corporation took more significant steps in the implementation of its strategy of positive change. Patronage increased, productivity continued to grow and the focus on quality and safety continued.

During the financial year metropolitan patronage grew to its highest level for nearly 20 years and V/Line Passenger carried its seven millionth passenger — the best result in 40 years. The Corporation's expertise as a special events transport provider was clearly demonstrated with 900 000 additional boardings during the four day Australian Grand Prix in March 1996.

Service delivery and punctuality figures continued to improve while productivity grew driven by the organisation's ongoing reduction in staff. A reduction of more than 9200 people since 1992, or 49.2 per cent, resulted in significant productivity improvements.

Increases in patronage and corresponding revenue growth combined with improved productivity have allowed the Corporation to continue to reduce its need for government funding. In 1995–96 the PTC's call on government funding for operating expenses was reduced during the year by \$13.7 million or 7.5 per cent on a comparative basis. By June 1996 annual savings of \$245 million proposed in the 1993 Transport Reform Agreement were delivered.

ALL SERVICES (excluding contracted buses)

PUBLIC TRANSPORT CORPORATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Financial Ratios (1,2)						
Return on assets	%	- 4.6	- 0.2	8.8	- 1.5	- 3.7
Return on operating assets	%	- 4.7	- 0.2	8.8	- 1.5	- 3.7
Operating sales margin	%	- 10.0	- 0.5	34.9	- 6.5	- 21.7
Return on equity	%	- 42.3	- 0.6	16.1	- 3.1	- 5.3
Dividend to equity ratio	%	0.0	0.0	0.0	0.0	0.0
Dividend payout ratio	%	0.0	0.0	0.0	0.0	0.0
Debt to equity (3)	%	2.1	0.2	0.1	0.0	0.0
Total liabilities to equity	%	759.4	108.5	65.7	70.9	7.0
Current ratio	%	21.7	21.5	15.2	24.1	49.6
Interest cover	%	- 8 584	- 386	26 194	- 460	-1 000
Cost recovery ratio	%	37.6	38.3	40.6	47.9	58.2
Operational performance	%	- 31.9	- 25.6	- 17.6	- 12.7	- 8.5

Non-financial Ratios*Size*

Total assets	\$M	2 799	4 561	4 565	4 520	4 414
Total revenue	\$M	1 291	1 353	1 147	1 062	762

*RAIL (Non-urban and urban)**Economic Factors*

Total factor productivity	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Economic rate of return	%	n.p.	n.p.	n.p.	n.p.	n.p.

Efficiency

Employee Productivity:						
-urban rail pass journeys per employee	No/Emp	16 659	18 098	21 435	25 294	29 953
- non-urban passenger kilometres per employee (5)	'000Pkm/ Emp	210	227	271	295	281
- net freight tonne-kilometres per employee (15)	'000NFTkm/ Emp	740	998	1 599	852	1 081

RAIL (Non-urban and urban) (continued)

PUBLIC TRANSPORT CORPORATION (continued)

	Units	1991-92	1992-93	1993-94	1994-95	1995-96
<i>Efficiency (continued)</i>						
Net freight tonne-kilometres per wagon (15,17)	'000NFTkm/ Wag	803	1 037	1 226	848	949
Net freight tonne-kilometres per locomotive (15)	'000NFTkm/ Loco	21 954	28 075	36 788	20 112	24 024
Total days lost:						
- industrial disputes (18,28)	%	n.r.	0.57	0.09	0.30	0.03
- sick leave	%	n.r.	5.75	5.37	4.28	4.05
- industrial accidents	%	n.r.	2.34	1.62	1.51	1.25
- other scheduled	%	n.r.	0.22	0.15	0.15	0.00
- total	%	n.r.	8.88	7.23	6.24	5.33
<i>Effectiveness</i>						
Real price index (overall) (7,19,20)	Index	97.9	99.0	96.3	n.r.	n.r.
Real urban fare revenue index (7)	Index	110.9	116.5	121.1	115.3	110.5
Real non-urban fare revenue index (19)	Index	104.5	105.6	108.9	108.4	n.r.
Real freight revenue index (20)	Index	85.20	83.20	74.70	n.r.	n.r.
Train kilometres per level crossing accident (21)	'000 km/ Acc	399	329	388	404	375
Number of level crossing accidents	No	61	76	67	55	63
Train kilometres (21)	'000 km	24 328	25 000	25 987	22 200	23 630
<i>Service Quality</i>						
Service cancellations (urban only)	%	1.0	0.6	0.3	0.5	0.5
Train trips cancelled (22)	No	4 927	2 919	1 587	2 338	2 623
Total trips scheduled (22)	No	507 000	499 869	482 201	478 106	502 387
On time running:						
- urban (within 5 mins.) (22)	%	91.0	91.3	92.3	92.3	93.3
- non-urban commuter peak (within 5 mins.) (23)	%	90.0	87.8	89.1	92.2	93.7
- non-urban regional (within 10 mins.) (23)	%	91.0	92.0	92.4	95.7	96.1
- non-urban - interstate (23)	%	86.0	80.0	78.0	n.r.	n.r.
- freight - interstate (23)	%	81.0	69.0	70.0	n.r.	n.r.
- freight - intrastate (within 30 mins.) (24)	%	96.0	89.0	78.0	86.0	91.9

RAIL (Non-urban and urban) (continued)

PUBLIC TRANSPORT CORPORATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Size						
Cash-box and other non-government revenue	\$M	381	395	386	351	339
Total route kilometres operated	No	4 795	4 795	4 795	4 605	4 582
Urban rail passenger journeys (25)	'000	108 900	106 000	101 000	105 400	109 240
Non-urban passenger-kilometres (5)	'000 Pkm	755 000	727 000	607 000	501 000	n.p.
Number of employees (average)						
- urban	Emp	6 537	5 857	4 712	4 167	3 647
- non-urban passenger	Emp	3 588	3 208	2 242	1 696	1 461
- freight	Emp	4 391	3 685	2 635	2 102	1 822
- total	Emp	14 516	12 750	9 589	7 965	6 930
Net freight tonne-kilometres (15)	Mill.NFTkm	3 249	3 678	4 212	1 790	1 970
Net freight tonne-kilometres per route kms	'000NFTkm/ Rkm	696	800	921	397	444
Route kilometres (freight) (16,29)	No	4 669	4 595	4 574	4 509	4 433
Number of wagons (15,17)	No	4 044	3 545	3 435	2 110	2 076
Number of locomotives (15)	No	148	131	115	89	82
Cost and Revenue Measures						
Revenue per passenger:						
- urban (per passenger journey) (25)	Cents	119	126	133	130	130
- non-urban (per pass. km) (5)	Cents	8.3	8.4	8.7	9.1	n.p.
Urban passenger revenue	\$'000	129 200	133 100	134 400	137 200	141 700
Non-urban passenger revenue	\$'000	62 453	60 934	52 585	45 634	47 844
Revenue per net freight tonne-kilometre (15,20)	Cents/ NFTkm	4.2	4.1	3.8	6.2	6.2
Freight revenue (26)	\$'000	135 393	151 311	158 747	111 243	121 210

URBAN (excluding contracted bus services)

PUBLIC TRANSPORT CORPORATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>Economic Factors</i>						
Total factor productivity (31)	Index	1.00	1.03	1.13	1.13	n.p.
Economic rate of return	%	n.p.	n.p.	n.p.	n.p.	n.p.
<i>Efficiency</i>						
Passenger revenue per total vehicle capacity kilometre	Cents/ TVCKm	1.46	1.51	1.54	1.57	1.53
Expenditure per total vehicle capacity kilometre	Cents/ TVCKm	4.95	4.92	4.85	4.85	3.59
Employees per vehicle	Emp/Veh	7.29	6.95	6.20	5.87	5.29
Vehicles in excess of maximum daily demand (4)	%	23.00	27.40	29.50	26.30	24.60
Kilometres per vehicle (14)	km/Veh	51 562	50 750	52 153	56 149	60 106
Vehicle kilometres per employee	km/Emp	8 699	9 306	10 891	12 081	14 223
Vehicle capacity kilometres per employee	'000TVCKm/ Emp	1 259	1 358	1 663	1 897	2 247
Total days lost:						
- industrial disputes	%	n.p.	0.62	0.11	0.33	0.08
- sick leave	%	n.p.	5.51	5.26	4.22	3.99
- industrial accidents (6, 28)	%	n.p.	2.24	1.59	1.25	1.21
- other scheduled	%	n.p.	0.21	0.15	0.11	0.00
- total	%	n.p.	8.58	7.12	5.90	5.28
<i>Effectiveness</i>						
Real price index (7)	Index	107.7	114.4	117.2	114.3	114.2
Boardings per vehicle kilometre (8)	Bd/km	2.5	2.4	2.4	2.5	2.5
Boardings per employee (8)	Bd/Emp	21 410	21 950	26 464	30 355	35 100
Boardings per head of population:						
- metro (8, 9)	Bd/Hd	81.2	75.1	71.0	70.7	73.1
- catchment (8,10)	Bd/Hd	87.0	80.4	75.9	75.6	78.1
<i>Service Quality</i>						
Service cancellations (11)	%	n.r.	n.r.	n.r.	n.r.	n.r.
Service delays (11)	%	n.r.	n.r.	n.r.	n.r.	n.r.

URBAN (continued)

Size

PUBLIC TRANSPORT CORPORATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Cash box and other non-government revenue (30)	\$M	256	263	222	236	235
Total employment	Emp	11 457	10 433	8 259	7 246	6 529
Total vehicle kilometres (12,14)	'000 km	99 669	97 085	89 949	87 537	92 864
Total passenger boardings (14)	'000	245 300	229 000	218 600	220 000	229 500
Number of scheduled services (11)	'000	n.p.	n.p.	n.p.	n.p.	n.p.
Revenue vehicle fleet (13,14)	No	1 933	1 957	1 838	1 718	1 538

Cost and Revenue Measures

Average fare per boarding	\$/Bd	0.86	0.93	0.97	0.98	0.98
Passenger revenue per vehicle kilometre	\$/km	2.12	2.20	2.36	2.46	2.41
Passenger revenue per employee	\$/Emp	18 425	20 473	25 681	29 713	34 247
Expenditure per vehicle kilometre	\$/km	7.2	7.2	7.4	7.6	5.7
Expenditure per boarding	\$/Bd	2.9	3.1	3.1	3.0	2.3
Government operating subsidy	%	59.9	62.7	52.2	51.1	32.8

URBAN - Trams***Economic Factors***

Total factor productivity (31)	Index	0.53	0.51	0.52	0.57	n.p.
Economic rate of return	%	n.p.	n.p.	n.p.	n.p.	n.p.

Efficiency

Passenger revenue per total vehicle capacity kilometre	Cents/ TVCKm	2.81	2.85	3.16	3.16	3.30
Expenditure per total vehicle capacity kilometre	Cents/ TVCKm	8.76	9.07	10.29	9.85	7.70
Employees per vehicle	Emp/Veh	7.85	7.97	7.33	6.98	6.52
Vehicles in excess of maximum daily demand (4)	%	40.1	46.1	46.1	36.5	29.8
Kilometres per vehicle	km/Veh	33 512	32 994	33 573	38 924	41 399
Vehicle kilometres per employee	km/Emp	5 983	6 048	6 694	7 606	8 242
Vehicle capacity kilometres per employee	'000TVCKm/ Emp	617	672	713	810	877

URBAN - Trams (continued)***Efficiency (continued)***

PUBLIC TRANSPORT CORPORATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Total days lost:						
- industrial disputes	%	n.p.	0.69	0.15	0.37	0.16
- sick leave	%	n.p.	4.83	4.98	3.77	3.67
- industrial accidents (6, 28)	%	n.p.	1.97	1.51	1.18	1.20
- other scheduled	%	n.p.	0.08	0.14	0.09	0.00
- total	%	n.p.	7.56	6.78	5.41	5.03
<i>Effectiveness</i>						
Real price index (7)	Index	100.8	109.0	108.8	110.0	106.3
Boardings per vehicle kilometre	Bd/km	4.97	4.72	5.19	5.00	5.21
Boardings per employee	Bd/Emp	29 732	28 543	32 830	38 048	42 959
Boardings per head of population:						
- metro (9)	Bd/Hd	37.1	33.1	33.8	34.9	36.4
- catchment (10)	Bd/Hd	39.7	35.4	36.1	37.3	38.8
<i>Service Quality</i>						
Service cancellations	%	n.r.	n.r.	2.9	0.2	0.3
Service delays	%	n.p.	n.p.	n.p.	n.p.	13.3
<i>Size</i>						
Total employment	Emp	3 767	3 535	2 994	2 853	2 657
Total vehicle kilometres	'000 km	22 537	21 380	20 043	21 700	21 900
Total passenger boardings	'000	112 000	100 900	104 000	108 900	114 100
Number of scheduled services	'000	n.p.	n.p.	n.p.	n.p.	n.p.
Revenue vehicle fleet	No	673	648	597	558	529
<i>Cost and Revenue Measures</i>						
Average fare per boarding	\$/Bd	0.58	0.64	0.65	0.67	0.67
Passenger revenue per vehicle kilometre	\$/km	2.90	3.00	3.36	3.36	3.52
Passenger revenue per employee	\$/Emp	17 361	18 161	22 512	25 587	28 980
Expenditure per vehicle kilometre	\$/km	9.03	9.56	10.96	10.48	8.19
Expenditure per boarding	\$/Bd	1.82	2.03	2.11	2.10	1.57
Government operating subsidy	%	61.3	67.6	56.8	54.8	36.1

URBAN - Trains

Economic Factors

Total factor productivity (31)	Index	1.01	1.05	1.15	1.21	n.p.
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PUBLIC TRANSPORT CORPORATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Economic rate of return	%	n.p.	n.p.	n.p.	n.p.	n.p.
<i>Efficiency</i>						
Passenger revenue per total vehicle capacity kilometre	Cents/ TVCKm	1.16	1.21	1.22	1.24	1.18
Expenditure per total vehicle capacity kilometre	Cents/ TVCKm	4.01	3.92	3.67	3.75	2.73
Employees per vehicle	Emp/Veh	8.32	7.70	6.36	5.58	4.90
Vehicles in excess of maximum daily demand	%	16.9	21.1	23.3	21.6	22.3
Kilometres per vehicle	km/Veh	65 099	64 110	64 726	65 823	70 879
Vehicle kilometres per employee	km/Emp	9 147	10 081	12 555	14 351	17 686
Vehicle capacity kilometres per employee	Mill.TVCKm/ Emp	1699	1872	2330	2662	3 281
Total days lost:						
- industrial disputes	%	n.p.	0.58	0.09	0.30	0.03
- sick leave	%	n.p.	6.00	5.49	4.56	4.20
- industrial accidents (6, 28)	%	n.p.	2.45	1.66	1.33	1.24
- other scheduled	%	n.p.	0.09	0.16	0.13	0.00
- total	%	n.p.	9.12	7.40	6.32	5.47
<i>Effectiveness</i>						
Real price index (7)	Index	110.9	116.5	121.1	115.3	110.5
Boardings per vehicle kilometre	Bd/km	1.82	1.70	1.71	1.76	1.69
Boardings per employee	Bd/Emp	16 659	18 098	21 425	25 284	29 953
Boardings per head of population:						
- metro (9)	Bd/Hd	36.1	34.8	32.8	33.9	34.8
- catchment (10)	Bd/Hd	38.6	37.2	35.1	36.2	37.2
<i>Service Quality</i>						
Service cancellations	%	1.0	0.6	0.3	0.5	0.5
Service delays	%	9.0	8.7	7.7	7.7	6.7
<i>Size</i>						
Total employment	Emp	6 537	5 857	4 712	4 167	3 647
Total vehicle kilometres	'000 km	59 793	59 045	59 160	59 800	64 500
Total passenger boardings	'000	108 900	106 000	101 000	105 400	109 200
<i>URBAN - Trains (continued)</i>						
<i>Size (continued)</i>						
Number of scheduled services	'000	507	500	482	478	502
Revenue vehicle fleet	No	919	921	914	909	910

PUBLIC TRANSPORT CORPORATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>Cost and Revenue Measures</i>						
Average fare per boarding	\$/Bd	1.19	1.26	1.33	1.30	1.30
Passenger revenue per vehicle kilometre	\$/km	2.16	2.25	2.27	2.29	2.19
Passenger revenue per employee	\$/Emp	19 764	22 725	28 523	32 925	38 799
Expenditure per vehicle kilometre	\$/km	7.44	7.29	6.81	6.96	5.07
Expenditure per boarding	\$/Bd	4.08	4.06	3.99	3.95	2.99
Government operating subsidy	%	58.4	62.9	49.0	49.0	30.7

URBAN - Buses (excludes contract operations)

Economic Factors

Total factor productivity (30, 31)	Index	1.19	1.17	1.35	1.51	n.p.
Economic rate of return	%	n.p.	n.p.	n.p.	n.p.	n.p.

Efficiency

Passenger revenue per total vehicle capacity kilometre	Cents/ TVCKm	1.67	1.71	1.67	1.45	1.36
Expenditure per total vehicle capacity kilometre	Cents/ TVCKm	6.55	7.14	6.97	6.75	5.56
Employees per vehicle	Emp/Veh	3.78	3.50	3.04	2.88	2.71
Vehicles in excess of maximum daily demand	%	12.10	15.60	16.60	16.60	19.28
Kilometres per vehicle (30)	km/Veh	50 699	48 430	50 636	65 978	65 293
Vehicle kilometres per employee (30)	km/Emp	15 038	16 004	19 432	26 712	28 729
Vehicle capacity kilometres per employee (30)	Mill.TVCKm/ Emp	859	915	1 116	1 553	1 671
Total days lost:						
- industrial disputes	%	n.p.	0.64	0.01	0.29	n.p.
- sick leave	%	n.p.	5.02	4.58	3.48	3.85
- industrial accidents (6, 28)	%	n.p.	2.05	1.39	0.62	0.78
- other scheduled	%	n.p.	0.19	0.13	0.00	0.00
- total	%	n.p.	7.90	6.10	4.39	4.63

URBAN - Buses (continued)

Effectiveness

Real price index	Index	110.7	119.8	120.8	n.r.	n.r.
Boardings per vehicle km (30)	Bd/km	1.41	1.33	1.26	1.00	0.94

PUBLIC TRANSPORT CORPORATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Boardings per employee (30)	Bd/Emp	21 162	21 230	24 552	26 721	27 120
Boardings per head of population:						
- metro (9, 30)	Bd/Hd	8.10	7.20	4.40	n.r.	n.r.
- catchment (10, 30)	Bd/Hd	8.70	7.80	4.70	n.r.	n.r.
<i>Service Quality</i>						
Service cancellations	%	2.0	3.1	0.2	0.2	0.3
Service delays	%	n.p.	n.p.	n.p.	4.4	3.8
<i>Size</i>						
Total employment (30)	Emp	1 153	1 041	553	226	234
Total vehicle kilometres (30)	'000 km	17 339	16 660	10 746	6 037	6 464
Total passenger boardings (30)	'000	24 400	22 100	13 577	5 738	6 102
Number of scheduled services	'000	n.p.	n.p.	n.p.	n.p.	n.p.
Revenue vehicle fleet (30)	No	342	344	212	92	99
<i>Cost & Revenue Measures</i>						
Average fare per boarding (30)	\$/Bd	0.68	0.74	0.76	0.84	0.84
Passenger revenue per vehicle kilometre (30)	\$/km	0.95	0.98	0.96	0.84	0.79
Passenger revenue per employee (30)	\$/Emp	14 310	15 658	18 626	22 566	22 667
Expenditure per vehicle kilometre	\$/km	3.74	4.08	4.00	3.93	3.23
Expenditure per boarding (30)	\$/Bd	2.66	3.08	3.17	3.92	3.43
Government operating subsidy	%	66.0	72.0	58.0	54.4	37.3

PUBLIC TRANSPORT CORPORATION (continued)

NOTES TO INDICATORS FOR PUBLIC TRANSPORT CORPORATION

Key: n.p. - not provided; n.r. - not relevant.

- 1) In 1992–93, due to revaluation of property, total equity and total assets (asset revaluation reserve) have increased by \$ 1317.768 million.
- 2) In 1993–94, PTC had an abnormal surplus of \$603.8 million comprising superannuation of \$571.6 million and a reduction in employee leave entitlements of \$32.2 million as a result of staff downsizing. In 1994–95, the figure includes the total funding for capital works (\$204.1m) previously shown in Annual Report as contributed capital. Offsetting this, in 1994–95, the result shown has been reduced by the transfer of subsidies of \$182.4 million for contracted private bus services and other associated administrative functions to Department of Transport. On 1 July 1995 the provision for unfunded superannuation was transferred to the Victorian Department of Treasury and Finance. Operating expenditure was therefore reduced as the subsidy received for superannuation costs was eliminated in 1995–96.
- 3) Debt progressively transferred to Victorian Treasury Corporation.
- 4) Excludes trams of historical significance which are permanently stored.
- 5) Figures available from 1994–95 are based on passenger boardings and are more accurate than those previously available for earlier years. From 1994–95, interstate services have been transferred to other rail operators. Coach services are included in 1994–95.
- 6) Prior to 1994–95, the figure shown is for workcover based on days lost data for all PTC employees (not just urban transport.).
- 7) Index is affected by change in mix of fare types (especially concession Vs full fare) as well as being affected by changes in fares and ticket types.
- 8) In December 1993, the majority of buses operated by the PTC were transferred to National Bus Company. Boardings figures shown are only for PTC operated services.
- 9) Population estimates for total Melbourne Statistical Division based on first counts for statistical local areas: census, 1991.
- 10) Includes local Government areas in which PTC services are provided.(trains, trams or buses)
- 11) Data is provided only on a disaggregated basis for trains, trams and buses. (Averaging across modes is not appropriate.)
- 12) The figures shown are thousand vehicle kilometres where vehicles include rail carriages, trams and PTC operated buses.

PUBLIC TRANSPORT CORPORATION (continued)

NOTES TO INDICATORS FOR PUBLIC TRANSPORT CORPORATION (continued)

- 13) The figures shown are for the total of rail carriages, trams and PTC operated buses.
- 14) From 1993–94 these figures have been affected by the transfer of the majority of PTC-operated buses to National Bus Company (from December 1993)
- 15) Responsibility for the movement of interstate traffic and relevant staff were progressively transferred to National Rail Corporation during 1993–94. The above figures for net tonne kilometres include interstate traffic only until 1993–94. As a result, it is not possible to make valid comparisons from 1994–95 and earlier years when a significantly different mix of freight business was involved.
- 16) Figures shown are for all railway lines on which there is some freight carried other than parcels moved by passenger train. All route km of track shown is PTC owned.
- 17) Figures for wagons include parcels vans, works and services vehicles but exclude stored vehicles.
- 18) In 1992–93 and in 1993–94, the figure shown for work cover is based on days lost data for all PTC employees not just rail employees.
- 19) On- train trading and catering revenue has been excluded from non-urban passenger revenue. Due to the major change in the range of services provided, real non-urban fare index for 1994–95 is based on weighted average fare increase instead of revenue per passenger kilometre.
- 20) This series has been heavily influenced by changing 'product mix'.
- 21) Train kilometres figure in 1992–93 is an unpublished estimate derived solely for this submission.
- 22) The figures shown are for urban services only.
- 23) Within 10 minutes.
- 24) Average of results for each of three train groups : scheduled block; freightgate ; grain.
- 25) Based on passenger boardings.
- 26) Responsibility for movement of interstate traffic has been progressively transferred to NRC. Interstate traffic has been excluded from years commencing 1994–95.

PUBLIC TRANSPORT CORPORATION (continued)

NOTES TO INDICATORS FOR PUBLIC TRANSPORT CORPORATION (continued)

- 27) In PTC cost recovery results, revenue includes a Government subsidy for partial reimbursement of concessions on fares but no Community Service Obligation Payments are included.
- 28) Workcover including industrial accidents.
- 29) PTC is only one user of the rail network. Private rail operators and National Rail Corporation are now also users of the network.
- 30) In December 1993, the majority of PTC-operated urban bus services were transferred to National Bus Company. As a result, indicators for 1992–93 to 1994–95 relate to significantly differing ranges of services.
- 31) The method of calculating Total Factor Productivity indices for this publication differs from previous years. For individual modes, the data for bus services in 1990–91 has been used as a base. For GTE aggregate TFP indices (ie. across modes) data for 1990–91 has been used as a base. In previous years, weighted average data was used as a base for all TFP indices.

PUBLIC TRANSPORT CORPORATION (continued)

NOTES TO INDICATORS FOR PUBLIC TRANSPORT CORPORATION (continued)

QUEENSLAND RAIL

Queensland

Comments on own performance

Queensland Rail (QR) began operations in 1865 and for the first 126 years was operationally structured and engineering driven. In 1990 QR's management was restructured into Business Groups with a focus on customer service and with a charter to operate on sound commercial principles. It now trades under the name Queensland Rail.

Since August 1991 QR has been governed by a Board consisting of seven directors, none of whom is a public sector employee. QR is managed by a Chief Executive appointed by the Board. QR was corporatised on 1 July 1995, it remains a vertically integrated organisation.

QR is a major transport operator involved in heavy haul (coal and minerals), express freight, bulk primary products, small freight, livestock, suburban and long-distance passenger services. QR provides significant transport services to the mining, agricultural, manufacturing and tourism industries. In addition QR operates an urban transit service carrying approximately 145 000 passengers a day and has become the preferred transport choice for nearly 60 per cent of public transport commuters travelling to and from Brisbane during peak periods. QR faces intermodal competition for its services in all sectors except the coal mining market (at present).

No organisation (public or private) is obliged to purchase freight services from QR but certain traffic (coal and minerals) requires a permit to be hauled by alternative means. The Department of Transport administers this permit system. In 1991 QR was given legislative power to allow other operators to run trains over the QR network.

Note that financial ratios for years previous to 1992–93 are not available because QR was at that time accounting only on a cash basis. Accrual accounting was adopted from the start of the 1992–93 year. In 1995–96 following corporatisation QR became subject to the tax equivalent regime, now receives CSOs from the Government including a component for depreciation and return on assets, has lost the shield of the crown and receives no preferential treatment compared to non-government entities. Upon corporatisation on 1 July 1995 the new corporation Queensland Rail took over the assets and liabilities of its predecessor Queensland Railways at a reduced valuation. This followed from application of the deprival asset valuation methodology.

QUEENSLAND RAIL (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Financial Ratios (1,2)						
Return on assets	%	n.p.	2.3	2.2	2.6	8.1
Return on operating assets	%	n.p.	2.3	2.2	2.6	8.1
Operating sales margin	%	n.p.	7.9	8.6	11.4	29.4
Return on equity	%	n.p.	- 2.2	- 0.5	- 0.2	6.4
Dividend to equity ratio	%	n.p.	0.0	0.0	0.0	5.1
Dividend payout ratio	%	n.p.	0.0	0.0	0.0	80.0
Debt to equity	%	n.p.	77.1	57.7	56.0	105.0
Total liabilities to equity	%	107.6	102.1	74.4	78.8	158.9
Current ratio	%	n.p.	64.4	54.2	52.8	81.2
Interest cover	%	n.p.	68.4	88.4	95.5	248.0
Cost recovery ratio	%	n.p.	108.5	109.4	111.0	141.7
Operational performance	%	n.p.	2.3	2.2	2.1	8.1

Non-financial Ratios**RAIL****Economic Factors**

Total factor productivity	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Economic rate of return	%	n.p.	n.p.	n.p.	n.p.	n.p.

Efficiency

Employee productivity:						
- urban rail pass. journeys per employee	No/Emp	15 487	16 189	16 324	15 408	15 284
- non-urban passenger kilometres per employee	'000Pkm/ Emp	199	222	231	247	265
- net freight tonne-kilometres per employee (4)	'000NFTkm/ Emp	1 654	1 910	2 117	2 421	2 537
Net freight tonne-kilometres per wagon	'000NFTkm/ Wag	1 642	1 797	2 004	2 191	2 219
Net freight tonne-kilometres per locomotive	'000NFTkm/ Loco	45 214	47 453	50 223	54 065	53 161
Total days lost:						
- industrial disputes	%	0.04	0.18	0.01	0.09	0.02
- sick leave	%	4.45	4.20	4.45	4.17	4.23
- industrial accidents	%	0.89	0.83	0.86	0.71	0.65
- total	%	5.38	5.21	5.32	4.97	4.90

QUEENSLAND RAIL (continued)

	Units	1991-92	1992-93	1993-94	1994-95	1995-96
RAIL (continued)						
Effectiveness						
Real price index (overall)	Index	85.9	87.8	85.7	81.2	82.6
Real urban fare revenue index	Index	100.3	101.6	104.4	104.1	100.7
Real non-urban fare revenue index	Index	68.5	67.9	70.9	66.7	66.4
Real freight revenue index	Index	85.6	87.4	85.1	80.5	82.0
Train kilometres per level crossing accident	'000 km/ Acc	743	747	797	846	881
Number of level crossing accidents	No	39	38	36	35	36
Train kilometres	'000 km	28 971	28 404	28 674	29 604	31 716
Service Quality						
Service cancellations (urban only)	%	0.3	0.2	0.3	0.4	0.9
Train trips cancelled	No	543	427	560	716	2 061
Total trips scheduled	No	194 000	194 000	193 000	199 000	229 000
On time running:						
- urban: all trains (within 3 minutes) (5)	%	84.2	87.1	85.6	71.6	58.8
- urban: inner city area (within 3 minutes) (5)	%	94.4	97.6	97.6	94.2	90.0
- non-urban: excl. tourist trains (within 15 minutes) (6)	%	64.1	67.3	63.3	56.0	69.0
- freight: blue ribbon trains (within 30 minutes) (6)	%	n.p.	n.p.	60.8	45.1	77.3
Size						
Total assets	\$M	4 245	4 388	6 024	7 202	5 846
Total revenue	\$M	n.p.	1 299	1 355	1 510	1 797
Cash box and other non-government revenue	\$M	n.p.	1 299	1 118	1 264	1 188
Total route-kms operated (7)	No	9 565	9 409	9 231	9 059	8 924
Urban rail passenger journeys	'000	40 080	39 404	38 393	37 026	39 187
Non-urban passenger kilometres	'000 Pkm	295 570	308 453	307 258	302 830	301 262
Number of employees (average):						
- urban	No	2 588	2 434	2 352	2 403	2 564
- non-urban passenger	No	1 484	1 387	1 330	1 227	1 136
- freight	No	14 789	12 767	11 817	10 942	10 392
- total (3)	No	18 861	16 588	15 499	14 572	14 261
Net freight tonne-kilometres	Mill.NFTkm	24 461	24 391	25 011	26 492	26 368
Net freight tonne-kilometres per route kilometre	'000NFTkm/ Rkm	2 631	2 673	2 797	3 017	3 070
RAIL (continued)						

QUEENSLAND RAIL (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>Size (continued)</i>						
Route kilometres (freight)	No	9 298	9 126	8 941	8 783	8 589
Number of wagons	No	14 897	13 571	12 478	12 094	11 882
Number of locomotives	No	541	514	498	490	496
<i>Cost and Revenue Measures</i>						
Revenue per passenger:						
- urban (per journey)	Cents	121	124	136	144	140
- non-urban (per pass. km.)	Cents	10.60	10.99	12.57	12.74	12.99
Urban passenger revenue	\$'000	48 382	48 701	52 398	53 215	54 830
Non-urban passenger revenue	\$'000	31 330	33 914	38 615	38 589	39 125
Revenue per net freight tonne-kilometre	Cents/ NFTkm	4.65	4.82	4.78	4.69	4.92
Freight revenue	\$M	1 138	1 175	1 196	1 242	1 297
<i>URBAN</i>						
<i>Efficiency</i>						
Passenger revenue per total vehicle capacity kilometre	Cents/ TVCKm	1.12	1.12	1.23	1.19	1.06
Expenditure per total vehicle capacity kilometre	Cents/ TVCKm	3.48	4.09	4.40	4.57	5.47
Employees per vehicle	Emp/Veh	7.94	7.47	7.21	7.37	7.30
Vehicles in excess of maximum daily demand	%	25.8	19.6	10.1	11.7	4.2
Kilometres per vehicle	km/Veh	88 459	93 526	98 479	101 967	118 535
Vehicle kilometres per employee	km/Emp	14 014	14 986	15 031	15 446	16 967
Vehicle capacity kilometres per employee	'000TVCKm/ Emp	1 675	1 787	1 809	1 853	2 076
Total days lost:						
- industrial disputes	%	n.p.	n.p.	0.00	0.00	0.00
- sick leave	%	n.p.	n.p.	4.92	4.17	9.92
- industrial accidents	%	0.95	0.92	0.90	1.00	1.42
- total	%	n.p.	n.p.	5.82	5.17	11.34
<i>Effectiveness</i>						
Real price index	Index	100.3	101.6	104.4	104.1	97.5
Boardings per vehicle kilometre	Bd/km	1.18	1.16	1.16	1.07	0.96
Boardings per employee	Bd/Emp	16 571	17 322	17 466	16 844	16 309

URBAN (continued)

QUEENSLAND RAIL (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>Effectiveness (continued)</i>						
Boardings per head of population:						
- metro	Bd/Hd	n.p.	n.p.	n.p.	n.p.	n.p.
- catchment	Bd/Hd	n.p.	n.p.	n.p.	n.p.	n.p.
<i>Service Quality</i>						
Service cancellations	%	0.28	0.22	0.29	0.36	0.9
Service delays	%	15.80	12.90	14.40	28.36	27.6
<i>Size</i>						
Total employment	No	2 588	2 434	2 352	2 403	2 571
Total vehicle kilometres	'000 km	36 268	36 475	35 354	37 116	43 621
Total passenger boardings	'000	42 886	42 162	41 080	39 618	41 930
Number of scheduled services	'000	194	194	193	199	229
Revenue vehicle fleet	No	410	390	359	364	368
<i>Cost and Revenue Measures</i>						
Average fare per boarding	\$/Bd	1.13	1.16	1.28	1.34	1.31
Passenger revenue per vehicle km	\$/km	1.33	1.34	1.48	1.43	1.26
Passenger revenue per employee	\$/Emp	18 695	20 009	22 278	22 145	21 327
Expenditure per vehicle kilometre	\$/km	4.16	4.90	5.29	5.49	5.47
Expenditure per boarding	\$/Bd	3.52	4.24	4.56	5.14	5.69
Government operating subsidy	%	3.5	2.9	0.5	0.5	1.2

QUEENSLAND RAIL (continued)

NOTES TO INDICATORS FOR QUEENSLAND RAIL

Key: n.p. - not provided; n.r. - not relevant.

- 1) Due to the adoption of accrual accounting in July 1992, no comparable financial data is available for the years prior to 1992–93.
- 2) QR was corporatised on 1 July 95. This has resulted in major changes to CSOs, substantial change in asset valuation and the introduction of the tax equivalent regime and dividends for QR. Accordingly, the 1995–96 financial results for Queensland Rail are not comparable with its predecessor Queensland Railways.
- 3) Total number of employees is the sum of employees allocated to urban, non-urban and freight. It excludes employees charged to capital works, and those allocated to standard gauge railway and minor business activities such workshops external work and consulting services.
- 4) All NTkm were carried by Queensland Rail.
- 5) On time running of QR's urban passenger trains has been seriously affected by major construction projects. The tunnel quadruplication was completed in June 1996 and since then on time running has improved substantially — 98.0 per cent for Inner City (July-September 1996) and 77.8 per cent for all trains (July-September 1996).
- 6) The improvement in on time running performance of QR's non-urban passenger and freight trains in 1995–96 reflects to a large extent progressive commissioning of most of the deviations associated with the \$590 million Main Line Upgrade project.
- 7) Route km over which QR trains operate.

WESTRAIL**Western Australia****Comments on own performance**

Westrail is a statutory authority which competes in the freight, passenger and related transport markets in southern Western Australia. Westrail transports freight over a 5 044 kilometre network. Responsibility for the freight operations is segregated into two business units: Agriculture, Forestry and General and Ores and Minerals. Westrail's country passenger services involve the operation of both trains and road coaches while the Perth metropolitan rail service is owned by Westrail and operated under contract to the Department of Transport. Westrail competes in a fully deregulated transport market.

Financial performance

In 1995–96 Westrail achieved a milestone in its ongoing quest for improved performance by recording its first-ever Operating Profit. The result for the year was an Operating Profit of \$13.1 million which was \$11.2 million better than budget, and represents an improvement of \$14.3 million on last year's result. A financial reform package was developed and agreed with Treasury for implementation from 1 July 1996. The package covers explicit cash compensation for Community Service Obligations, payment of past service superannuation liabilities and the reduction of debt through a land rationalisation sales program, together with the introduction of Tax Equivalent and dividend payments.

Non financial performance

Westrail employees were more directly involved in reviewing work practises and industrial agreements resulting in an increase in labour productivity of 36 per cent. Increased productivity in both labour and capital resulted in a reduction of 25 per cent in expenditure per net tonne kilometre while freight charges to clients were reduced by \$7 million reflecting Westrail's commitment to share productivity gains with its customers.

WESTRAIL (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Financial Ratios						
Return on assets	%	3.4	5.4	48.6	4.5	12.5
Return on operating assets	%	3.3	5.7	52.8	4.5	12.7
Operating sales margin	%	7.3	14.5	59.5	10.8	29.8
Return on equity	%	3.1	1.1	- 50.4	5.7	- 6.3
Dividend to equity ratio	%	0.0	0.0	0.0	0.0	0.0
Dividend payout ratio	%	0.0	0.0	0.0	0.0	0.0
Debt to equity	%	- 54.5	- 74.1	- 125.8	- 125.1	- 137.5
Total liabilities to equity	%	- 176.5	- 201.1	- 258.0	- 254.9	- 266.5
Current ratio	%	96.0	147.4	42.5	34.3	40.1
Interest cover	%	43.5	80.7	661.3	55.0	145.4
Cost recovery ratio	%	116.4	118.1	121.1	123.4	156.7
Operational performance	%	6.3	6.1	7.0	7.7	15.4

Non-financial Ratios**RAIL****Economic Factors**

Total factor productivity	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Economic rate of return	%	-1.50	-0.40	29.80	0.95	8.08

Efficiency

Employee productivity:						
- urban rail passenger journeys per employee	No/Emp	13 333	15 065	23 859	28 257	29 164
- non-urban passenger kilometres per employee	'000Pkm/ Emp	635	319	190	346	500
Net freight tonne-kilometres per wagon	'000NFTkm/ Wag	1 133	1 199	1 418	1 784	2 164
Net freight tonne-kilometres per locomotive	'000NFTkm/ Loco	34 594	37 653	45 392	53 750	65 423
Total days lost:						
- industrial disputes	%	0.05	0.24	0.02	0.03	0.16
- sick leave	%	2.99	3.06	3.53	2.91	3.67
- industrial accidents	%	1.07	1.09	1.16	0.20	1.46
- total	%	4.11	4.39	4.71	3.14	5.29

RAIL (continued)

WESTRAIL (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>Effectiveness</i>						
Real price index (overall)	Index	100.7	96.1	94.4	79.8	n.p.
Real urban fare revenue index	Index	96.1	108.8	101.4	91.5	n.p.
Real non-urban fare revenue index	Index	76.0	71.7	73.3	70.4	78.4
Real freight revenue index	Index	101.9	97.3	94.4	79.8	66.1
Train kilometres per level crossing accident	'000 km/ Acc	n.p.	585	n.p.	n.p.	n.p.
Number of level crossing accidents	No	n.p.	12	n.p.	n.p.	n.p.
Train kilometres	'000 km	7 549	7 018	7 561	8 114	8 507
<i>Service Quality</i>						
Service cancellations (urban only)	%	0.32	0.42	0.37	0.34	0.21
Train trips cancelled	No	n.p.	n.p.	n.p.	n.p.	n.p.
Total trips scheduled	No	n.p.	n.p.	n.p.	n.p.	n.p.
On time running:						
- urban (within 3 minutes)	%	94.0	95.0	93.0	94.0	95.0
- non-urban (various)	%	76.0	85.0	75.0	n.p.	n.p.
- freight (within 30 minutes)	%	72.0	83.0	70.0	n.p.	n.p.
<i>Size</i>						
Total assets	\$M	922	1 150	1 049	1 052	1 060
Total revenue	\$M	366	368	896	428	439
Cash box and other non-government revenue	\$M	366	368	404	415	399
Total route-kilometres operated	No	5 124	5 139	5 153	5 137	5 137
Urban rail passenger journeys	'000	7 200	10 500	16 200	16 700	15 865
Non-urban passenger-kilometres	'000 Pkm					
Number of employees (average)		161 327	160 096	148 558	152 563	159 731
- urban	No	540	697	679	591	544
- non-urban passenger	No	254	375	403	441	319
- freight	No	4 283	3 846	2 870	2 204	1 896
- total	No	5 077	4 832	3 952	3 236	2 759
Net freight tonne-kilometres	Mill.NFTkm	4 878	4 970	5 447	6 235	6 804
Net freight tonne-kilometres per route kilometre	'000NFTkm/ Rkm	961	979	1 073	1 236	1 349
Route kilometres (freight)	No	5 077	5 077	5 077	5 044	5 044
Number of wagons	No	4 305	4 146	3 840	3 421	3 144
Number of locomotives	No	141	132	120	116	104

RAIL (continued)

WESTRAIL (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>Cost and Revenue Measures</i>						
Revenue per passenger:						
- urban (per journey)	Cents	119.0	135.0	131.0	113.0	121.7
- non-urban (per pass. kilometre)	Cents	7.30	7.00	6.10	8.01	8.15
Urban passenger revenue	\$'000	8 600	14 200	21 200	18 900	19 300
Non-urban passenger revenue	\$'000	11 759	11 174	12 470	12 221	13 014
Revenue per net freight tonne-kilometres	Cents/ NFTkm	5.2	5.0	5.0	4.4	3.8
Freight revenue	\$'000	254 617	248 314	269 494	277 361	254 704
<i>URBAN</i>						
<i>Economic Factors</i>						
Total factor productivity	Index	0.58	0.81	1.08	n.p.	n.p.
Economic rate of return	%	n.p.	n.p.	n.p.	n.p.	n.p.
<i>Efficiency</i>						
Passenger revenue per total vehicle capacity kilometre	Cents/ TVCKm	1.40	1.10	1.10	0.90	1.00
Expenditure per total vehicle capacity kilometre	Cents/ TVCKm	11.40	6.60	5.20	5.21	5.82
Employees per vehicle	Emp/Veh	8.30	8.90	7.50	5.65	4.40
Vehicles in excess of maximum daily demand	%	6.30	6.50	7.50	5.00	5.00
Kilometres per vehicle	km/Veh	84 297	120 568	149 617	102 801	149 732
Vehicle kilometres per employee	km/Emp	10 737	14 494	21 589	29 785	33 717
Vehicle capacity kilometres per employee	'000TVCKm/ Emp	1 148	2 261	3 368	4 646	5 031
<i>Effectiveness</i>						
Boardings per vehicle kilometre	Bd/km	1.71	1.80	1.80	1.75	2.10
Boardings per employee	Bd/Emp	18 352	25 911	38 426	51 978	73 024
Boarding per head of population:						
- metro	Bd/Hd	n.p.	n.p.	n.p.	n.p.	n.p.
- catchment	Bd/Hd	n.p.	n.p.	n.p.	n.p.	n.p.
<i>Service Quality</i>						
Service cancellations	%	0.3	0.4	0.4	0.3	0.2
Service delays	%	5.8	4.3	6.8	5.6	4.8

URBAN (continued)

WESTRAIL (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>Size</i>						
Total employment	No	526	549	596	452	381
Total vehicle kilometres	'000 km	5 648	7 957	12 867	13 463	12 846
Total passenger boardings	'000	9 650	14 225	22 902	23 494	27 822
Number of scheduled services	'000	121	163	234	233	235
Revenue vehicle fleet	No	67	66	86	86	86
<i>Cost and Revenue Measures</i>						
Average fare per boarding	\$/Bd	0.87	0.97	0.92	0.80	0.70
Passenger revenue per vehicle km.	\$/km	1.48	1.74	1.64	1.41	1.50
Passenger revenue per employee	\$/Emp	15 878	25 246	35 472	41 860	50 656
Expenditure per vehicle kilometre	\$/km	12.19	10.37	8.09	8.14	8.68
Expenditure per boarding	\$/Bd	7.13	5.80	4.54	5.79	4.00

NOTES TO INDICATORS FOR WESTRAIL

Key: n.p. - not provided; n.r. - not relevant.

WESTRAIL

Western Australia

**AUSTRALIAN NATIONAL RAILWAYS
COMMISSION****Commonwealth****Comments on own performance**

Formed in 1975, Australian National (AN) has undergone a major restructuring of its operations as a result of the Federal Government's micro-economic reform program. AN's interstate freight activities and associated assets have been transferred to National Rail Corporation (NRC) and AN has been a provider of railway services to support NRC in undertaking this task.

Operating loss before abnormal items was \$68.6 million compared with \$54.7 million in 1995. Abnormal losses of \$141.8 million (1995: \$6.8 million) included the write down of certain fixed assets to their recoverable amount by the Commissioners (\$116.3 million) and interest and lease costs associated with holding assets nominated by NRC (\$13.6 million)

AN has not received full financial consideration for ownership costs including interest and lease costs that it incurs for the assets transferred to or utilised by NRC

The Government Competition Policy allowed 'non railway' operators (SCT and TNT) to commence running their own train services during the year. AN has won contracts to provide rollingstock and crews for such services, as well as track access arrangements.

AN continued to win external business for its maintenance and construction services during the year although the financial performance in the area remains poor.

The long distance passenger services; the Ghan, the Indian Pacific and the Overland; operated at a reduced loss before supplements of \$25 million (1995: \$26 million).

There is a high probability that AN's assets representing the majority of the track owned by AN will be transferred within 12 months to a new national rail infrastructure authority.

Over the past year, AN continued the rigorous review of operations commenced in 1995 and has undertaken further business development and downsizing in the pursuit of competitive practice. A range of proposed changes have been commissioned in order to secure the best possible future for AN's staff and the business.

AUSTRALIAN NATIONAL RAILWAYS COMMISSION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Financial Ratios (1)						
Return on assets	%	- 22.2	0.4	3.1	0.3	- 13.8
Return on operating assets	%	- 26.3	- 1.2	1.5	- 0.6	- 16.1
Operating sales margin	%	- 63.4	- 2.7	3.8	- 1.6	- 44.0
Return on equity	%	- 172.2	- 56.6	- 12.4	- 27.5	- 231.8
Dividend to equity ratio	%	0.0	0.0	0.0	0.0	0.0
Dividend payout ratio	%	0.0	0.0	0.0	0.0	0.0
Debt to equity	%	756	924	278	401	- 6 098
Total liabilities to equity	%	1 059	1 132	341	478	- 7 747
Current ratio	%	83.5	49.0	47.5	56.2	82.2
Interest cover	%	- 439.5	7.2	61.9	4.7	- 190.6
Cost recovery ratio	%	62.0	87.2	95.1	92.4	77.0
Operational performance	%	- 20.6	- 5.1	- 1.8	- 2.7	- 8.6
Non-financial Ratios						
<i>Economic Factors</i>						
Total factor productivity (2,3)	Index	145.0	166.0	189.0	55.0	55.0
Economic rate of return	%	n.p.	n.p.	n.p.	n.p.	n.p.
<i>Efficiency</i>						
Employee Productivity:						
-urban rail passenger journeys per employee	No/Emp	n.r.	n.r.	n.r.	n.r.	n.r.
- non-urban passenger kilometres per employee	'000Pkm/ Emp	225	260	395	417	615
- net freight tonne-kilometres per employee	'000NFTkm/ Emp	1 636	2 185	2 787	511	550
Net freight tonne-kilometres per wagon	'000NFTkm/ Wag	1 440	1 670	1 917	323	301
Net freight tonne-kilometres per locomotive	'000NFTkm/ Loco	41 704	49 019	54 678	8 850	8 088
Total days lost:						
- industrial disputes	%	22.20	8.80	1.40	3.50	1.80
- sick leave	%	n.p.	n.p.	n.p.	n.p.	n.p.
- industrial accidents	%	n.p.	n.p.	n.p.	n.p.	n.p.
- total	%	n.p.	n.p.	n.p.	n.p.	n.p.

AUSTRALIAN NATIONAL RAILWAYS COMMISSION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>Effectiveness</i>						
Real price index (overall) (3)	Index	81.2	76.0	70.9	n.r.	n.r.
Real urban fare revenue index	Index	n.r.	n.r.	n.r.	n.r.	n.r.
Real non-urban fare revenue index	Index	111.4	107.5	110.4	112.2	116.8
Real freight revenue index (3)	Index	78.7	73.1	65.9	n.r.	n.r.
Train kilometres per level crossing accident	'000 km/ Acc	1 736	1 123	3 284	931	891
Number of level crossing accidents	No	5	8	3	10	11
Train kilometres	'000 km	8 679	8 983	9 853	9 309	9 806
<i>Service Quality</i>						
Service cancellations (urban only)	%	n.r.	n.r.	n.r.	n.r.	n.r.
Train trips cancelled	No	n.r.	n.r.	n.r.	n.r.	n.r.
Total trips scheduled	No	n.r.	n.r.	n.r.	n.r.	n.r.
On time running:						
- urban (within 3 minutes)	%	n.r.	n.r.	n.r.	n.r.	n.r.
- non-urban (various)	%	85.0	63.0	76.6	75.7	76.4
- freight (within 30 minutes)	%	81.2	63.2	65.1	61.3	63.7
<i>Size</i>						
Total assets	\$M	960	1 044	1 095	1 148	908
Total revenue	\$M	384	403	393	372	352
Cash box and other non-government revenue	\$M	314	331	355	323	312
Total route kilometres operated	No	6 559	6 235	6 235	6 152	6 118
Urban rail passenger journeys	'000	n.r.	n.r.	n.r.	n.r.	n.r.
Non-urban passenger kilometres	'000 Pkm	165 999	187 374	247 977	240 485	303 628
Number of employees (average):						
- urban	Emp	n.r.	n.r.	n.r.	n.r.	n.r.
- non-urban passenger	Emp	738	722	629	577	319
- freight	Emp	4 766	3 882	3 286	2 934	2 275
- total	Emp	5 503	4 604	3 915	3 511	2 594
Net freight tonne-kilometres	Mill.NFTkm	7 799	8 480	9 159	1 500	1 379
Net freight tonne-kilometres per route kilometre	'000NFTkm/ Rkm	1 184	1 326	1 469	242	225
Route-kilometres (freight)	No	6 586	6 397	6 235	6 193	6 135
Number of wagons	No	5 415	5 077	4 778	4 651	4 579
Number of locomotives	No	187	173	168	170	171

AUSTRALIAN NATIONAL RAILWAYS COMMISSION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>Cost and Revenue Measures</i>						
Revenue per passenger:						
- urban (per journey)	Cents	n.r.	n.r.	n.r.	n.r.	n.r.
- non-urban (per pass-km)	Cents	13.60	13.40	14.00	14.70	15.70
Urban passenger revenue	\$'000	n.r.	n.r.	n.r.	n.r.	n.r.
Non-urban passenger revenue	\$'000	22 517	25 041	34 732	35 268	48 355
Revenue per net freight tonne-kilometres	Cents/ NFTkm	3.4	3.2	3.0	5.0	7.3
Freight revenue	\$'000	266 363	274 663	272 656	74 893	73 578

NOTES TO INDICATORS FOR AUSTRALIAN NATIONAL RAILWAYS COMMISSION

Key: n.p. - not provided; n.r. - not relevant.

- 1) Several balance sheet accounts in 1992-93 have been revised to make in comparable with 1993-94 figures.
- 2) TFP index base year = 1979-80.
- 3) A break in the time series occurred in 1994-95 caused by the transfer of AN's interstate freight traffic to National Rail

NATIONAL RAIL CORPORATION**Commonwealth****Comments on own performance**

National Rail Corporation Limited is a company incorporated in 1991 for the purpose of providing interstate rail freight transport services. It was formed pursuant to a Shareholders' Agreement by the governments of the Commonwealth and States of New South Wales, Victoria, Queensland and Western Australia. Current shareholders are the Commonwealth, New South Wales and Victorian governments. Total shareholder contributions will reach \$406.5 million by the end of the 1996–97 financial year (\$362.4 million as at 30 June 1996).

The 1995–96 financial year saw the company return an operating profit after tax of \$1.005 million. Non freight revenue contributing to this profit outcome include interest earnings of \$36.6 million and restructuring payments by shareholders in line with the Shareholders Agreement of \$25.2 million

Revenue from freight was down on last year as a result of the sluggish economic conditions, increased road competition from B-double trucks on the east coast and the start-up of on-rail competition in the Melbourne-to-Perth corridor.

By year end, control of all significant interstate rail freight business functions has been transferred to National Rail, with the exception of locomotive deployment and maintenance. Track access and train control will continue to be provided by rail authorities in line with governments' policies on competition and access to the national rail network.

A highlight of 1995–96 for National Rail was the order for 120 new 4000hp diesel locomotives. With deliveries starting from October 1996, these locomotives will give rise to large savings in fuel and maintenance costs as well as better service quality.

National Rail's wagon fleet also continued to be upgraded during the year by programmed refurbishment, increased preventative maintenance and delivery of new intermodal wagons with greater payload capacity.

In response to growing competition, enhanced focus on quality customer service, productivity and safety were the continuing major themes imparted on employees during 1995–96. Major emphasis was placed on strengthening change management capability, leadership development, communication processes and continuous improvement systems. National Rail will continue to focus on three key result areas being customer service quality, cost reduction and productivity improvement, and revenue growth and profitability.

NATIONAL RAIL CORPORATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Financial Ratios						
Return on assets	%	- 35.6	- 13.9	0.2	5.8	4.1
Return on operating assets	%	- 49.6	- 53.8	- 15.8	1.0	- 5.7
Operating sales margin	%	- 1 345	- 23.3	- 1.9	0.2	- 2.4
Return on equity	%	- 53.8	- 17.3	0.3	5.6	0.3
Dividend to equity ratio	%	0.0	0.0	0.0	0.0	0.0
Dividend payout ratio	%	0.0	0.0	0.0	0.0	0.0
Debt to equity	%	0.9	0.0	0.0	0.0	82.5
Total liabilities to equity	%	51.3	23.7	14.0	18.7	133.2
Current ratio	%	78.7	496.4	758.1	612.6	377.3
Interest cover	%	-207300	- 91 773	4 727	297 366	108
Cost recovery ratio	%	6.9	81.1	98.1	100.2	97.7
Operational performance	%	- 49.6	- 53.8	- 15.8	1.0	- 5.7
Non-financial Ratios						
<i>Economic Factors</i>						
Total factor productivity	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Economic rate of return	%	n.p.	n.p.	n.p.	n.p.	n.p.
<i>Efficiency</i>						
Employee productivity:						
-urban rail passenger journeys per employee	No/Emp	n.r.	n.r.	n.r.	n.r.	n.r.
- non-urban passenger kilometres per employee	'000Pkm/ Emp	n.r.	n.r.	n.r.	n.r.	n.r.
- net freight tonne-kilometres per employee	'000NFTkm/ Emp	n.p.	n.p.	19 545	15 271	13 684
Net freight tonne-kilometres per wagon	'000NFTkm/ Wag	n.p.	n.p.	2 454	3 192	3 018
Net freight tonne-kilometres per locomotive	'000NFTkm/ Loco	n.p.	n.p.	n.p.	n.p.	n.p.
Total days lost:						
- industrial disputes	%	n.p.	n.p.	0.00	0.00	0.00
- sick leave	%	n.p.	n.p.	n.p.	n.p.	1.60
- industrial accidents	%	n.p.	n.p.	n.p.	n.p.	n.p.
- total	%	n.p.	n.p.	n.p.	n.p.	n.p.

NATIONAL RAIL CORPORATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>Effectiveness</i>						
Real price index (overall)	Index	n.r.	n.r.	100.0	87.9	n.p.
Real urban fare revenue index	Index	n.r.	n.r.	n.r.	n.r.	n.r.
Real non-urban fare revenue index	Index	n.r.	n.r.	n.r.	n.r.	n.r.
Real freight revenue index	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Train kilometres per level crossing accident	'000 km/ Acc	n.p.	n.p.	n.p.	n.p.	n.p.
Number of level crossing accidents	No	n.p.	n.p.	n.p.	n.p.	n.p.
Train kilometres	'000 km	n.p.	n.p.	n.p.	n.p.	n.p.
<i>Service Quality</i>						
Service cancellations (urban only)	%	n.r.	n.r.	n.r.	n.r.	n.r.
Train trips cancelled	No	n.p.	n.p.	n.p.	n.p.	n.p.
Total trips scheduled	No	n.p.	n.p.	n.p.	n.p.	n.p.
On-time running:						
- urban (within 3 minutes)	%	n.r.	n.r.	n.r.	n.r.	n.r.
- non-urban (various)	%	n.r.	n.r.	n.r.	n.r.	n.r.
- freight (within 30 minutes)	%	n.p.	n.p.	61.0	68.0	73.0
<i>Size</i>						
Total assets	\$M	6	193	258	361	846
Total revenue	\$M	0	61	453	497	539
Cash box and other non-government revenue	\$M	0	61	453	497	513
Total route kilometres operated	No	n.p.	n.p.	8 100	8 100	8 100
Urban rail passenger journeys	'000	n.r.	n.r.	n.r.	n.r.	n.r.
Non-urban passenger kilometres	'000 Pkm	n.r.	n.r.	n.r.	n.r.	n.r.
Number of employees:						
- urban	Emp	n.r.	n.r.	n.r.	n.r.	n.r.
- non-urban passenger	Emp	n.r.	n.r.	n.r.	n.r.	n.r.
- freight	Emp	n.p.	378	712	1 087	1 235
- total	Emp	n.p.	378	712	1 087	1 235
Net freight tonne-kilometres	Mill.NFTkm	n.p.	n.p.	13 916	16 600	16 900
Net freight tonne-kilometres per route-kilometre	'000NFTkm/ Rkm	n.p.	n.p.	1 718	2 049	2 086
Route kilometres (freight)	No	n.p.	n.p.	8 100	8 100	8 100
Number of wagons	No	n.p.	n.p.	5 670	5 200	5 600
Number of locomotives	No	n.p.	n.p.	n.p.	n.p.	n.p.

NATIONAL RAIL CORPORATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>Cost and Revenue Measures</i>						
Revenue per passenger:						
- urban	Cents	n.r.	n.r.	n.r.	n.r.	n.r.
- non-urban	Cents	n.r.	n.r.	n.r.	n.r.	n.r.
Urban passenger revenue	\$'000	n.r.	n.r.	n.r.	n.r.	n.r.
Non-urban passenger revenue	\$'000	n.r.	n.r.	n.r.	n.r.	n.r.
Revenue per net freight tonne-kilometre	Cents/ NFTkm	n.p.	n.p.	3.0	3.0	3.0
Freight revenue	\$'000	n.p.	n.p.	443 408	479 677	475 747

NOTES TO INDICATORS FOR NATIONAL RAIL CORPORATION

Key: n.p. - not provided; n.r. - not relevant.

6 PORT AUTHORITIES

Newcastle Port Corporation (NSW)	339
Port Kembla Ports Corporation (NSW)	343
Sydney Ports Corporation (NSW)	347
Melbourne Port Corporation (Vic)	351
Victorian Channels Authority (Vic)	355
Gladstone Port Authority (Qld)	359
Port of Brisbane Corporation (Qld)	363
South Australian Ports Corporation (SA)	367
Fremantle Port Authority (WA)	373
Burnie Port Authority (Tas)	377
Marine Board of Hobart (Tas)	381
Port of Devonport Authority (Tas)	385
Port of Launceston Authority (Tas)	389
Darwin Port Authority (NT)	393

NEWCASTLE PORT CORPORATION New South Wales**Comments on own performance***Background*

The *Marine Administration Act* in 1989, established four subsidiary authorities to the Maritime Services Board of NSW (MSB) one of which was the Hunter Port Authority. On 30 June 1995, the *Ports Corporatisation and Waterways Management Act 1995*, dissolved the MSB and on 1 July 1995 established six new entities including the Newcastle Port Corporation. The Newcastle Port Corporation is a Statutory State Owned Corporation in accordance with the *State Owned Corporation Act 1989*.

Current Operations

The Corporation's core business strands are as follows :

- provide marine safety, navigation and traffic management services
- ownership and successful operation of wharf facilities
- property management, and
- leading viable port related business development which benefits the broader community.

The Corporation provides a variety of services to the shipping industry, stevedoring industry and commercial boating interests.

Performance

The financial year ended 30 June 1996 was the first year of operations for the newly formed Newcastle Port Corporation. A number of significant changes to the structure of the entity occurred during the transformation of the Hunter Ports Authority into Newcastle Port Corporation which makes comparison of the current year and past years performance difficult and at times misleading. Such comparison of performance will be available in future years once Newcastle Port Corporation generates some history.

NEWCASTLE PORT CORPORATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
PORT AUTHORITY INDICATORS						
Financial Ratios (1,2,3,4)						
Return on assets (5)	%	n.r.	n.r.	n.r.	n.r.	11.3
Return on operating assets (5)	%	n.r.	n.r.	n.r.	n.r.	13.3
Operating sales margin	%	n.r.	n.r.	n.r.	n.r.	38.8
Return on equity	%	n.r.	n.r.	n.r.	n.r.	13.4
Dividend to equity ratio	%	n.r.	n.r.	n.r.	n.r.	9.0
Dividend payout ratio	%	n.r.	n.r.	n.r.	n.r.	67.3
Debt to equity	%	n.r.	n.r.	n.r.	n.r.	83.0
Total liabilities to equity	%	n.r.	n.r.	n.r.	n.r.	113.3
Current ratio (6)	%	n.r.	n.r.	n.r.	n.r.	91.8
Interest cover	%	n.r.	n.r.	n.r.	n.r.	825.5
Cost recovery ratio	%	n.r.	n.r.	n.r.	n.r.	163.5
Operational performance	%	n.r.	n.r.	n.r.	n.r.	13.3
Non-Financial Ratios						
Economic Factors						
Total factor productivity	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Economic rate of return	%	n.p.	n.p.	n.p.	n.p.	n.p.
Efficiency						
Port authority charges per unit of cargo	\$/MT	0.82	0.74	0.74	0.62	0.56
Port authority costs per unit of cargo	\$/MT	0.59	0.5	0.49	0.37	0.33
Total days lost:						
- industrial disputes	%	0.10	0.00	0.00	0.05	0.10
- sick leave	%	2.90	2.30	2.90	2.15	2.66
- industrial accidents	%	0.30	0.40	0.10	0.12	0.24
- total	%	3.40	2.70	3.00	2.32	3.04
Effectiveness						
RPI of port authority charges	Index	70.0	62.0	62.0	49.0	47.0
Size						
Total assets	\$M	n.r.	n.r.	n.r.	n.r.	129
Total revenue	\$M	n.r.	n.r.	n.r.	n.r.	34
Total employment	No	221	198	156	123	119

NEWCASTLE PORT CORPORATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
PORT INDICATORS						
Non-Financial Ratios						
<i>Effectiveness</i>						
Berth occupancy:						
- container terminal	%	n.r.	n.r.	n.r.	n.r.	n.r.
- other than at a container terminal	%	75.0	83.0	87.0	79.0	85.0
- whole port	%	n.r.	n.r.	n.r.	n.r.	n.r.
<i>Service Quality</i>						
Average time at berth (median)	Hours	35	35	36	39	32
Turnaround time:						
- container ships at container terminals:						
- - median	Hours	n.r.	n.r.	n.r.	n.r.	n.r.
- - 95 percentile	Hours	n.r.	n.r.	n.r.	n.r.	n.r.
- other:						
- - median	Hours	79	109	118	133	136
- - 95 percentile	Hours	167	295	269	275	n.r.
Cargo processed/ship working time	MT/Hr	2 083	2 299	2 269	2 477	5 326
Cargo processed/gross ship time	MT/Hr	879	583	586	561	676
Stevedoring idle time	%	n.p.	n.p.	n.p.	n.p.	n.p.
Average delay time per ship due to industrial disputes	Hours	n.p.	n.p.	n.p.	n.p.	n.p.
<i>Size</i>						
Cargo handled:						
- non-containerised general cargo	'000 MT	749	800	730	844	1 061
- bulk cargo	'000 MT	44 652	49 897	52 362	55 899	59 099
- all cargo	'000 MT	45 445	50 751	53 189	56 821	60 255
Number of containers handled	TEUs	3 322	3 943	8 334	9 035	9 629

NEWCASTLE PORT CORPORATION (continued)

NOTES TO INDICATORS FOR NEWCASTLE PORT CORPORATION

Key: n.p. - not provided; n.r. - not relevant.

- 1) Financial information is available only for the year ended 30 June 1996 as that year is the first and only year of operation of the Corporation.
- 2) Comparison of other non financial information between 1995–96 and prior years may not be meaningful given the different natures of the prior Hunter Port Authority and the present Newcastle Port Corporation.
- 3) Audited financial data has been used wherever possible.
- 4) The Corporation became liable for tax-equivalent payments under the NSW Tax Equivalent Regime from 1 July 1995.
- 5) Property, plant and equipment was valued at “deprival value“ as at 1 July 1995. Any additions during the year were valued at cost.
- 6) The current ratio includes \$8.75 million of borrowings which are rolling.

**PORT KEMBLA
PORT CORPORATION****New South Wales****Comments on own performance**

On 1 July 1995, the Port Kembla Port Corporation was formed as a result of the proclamation of the *Ports Corporatisation and Waterways Management Act 1995*. The Act dissolved the Maritime Services Board and created a separate Port Corporation for Port Kembla which now operates as a successful business, promoting and facilitating trade and ensuring port safety functions are carried out properly. Corporatisation has not only delivered autonomy but also presented the Corporation with new challenges and opportunities for growth and prosperity.

Financial performance

The Port Kembla Port Corporation reported a Profit before Tax result of \$20.1 million for 1995–96, whilst the Return on Net Operating Assets was 19 per cent, which was 46 per cent higher than target. Return on Equity was 21 per cent (target 16 per cent) and Debt to Equity was 81 per cent (target 74 per cent). Average revenue per employee increased by 8 per cent to \$823 000 in 1995–96 with productivity improvements resulting from job redesign and job evaluation and from staff numbers being maintained below the Enterprise Agreement target.

Non-financial performance

The Port achieved an above target trade throughput of 25.72 million revenue tonnes (mtpa) in 1995–96. This was 1.2 (mtpa) higher than 1994–95 and only 1 (mtpa) less than the record year of 1993–94

Since 1989–90, average vessel times at berth and average turnaround times have improved at Port Kembla over the period despite increased levels of trade throughput. The average cost per tonne for port users has reduced by 33 per cent made possible through staff productivity gains and trade growth.

Through Corporatisation and with the backing of QA certification in the core business of port shipping operations, Port Kembla is poised to capitalise on future trade opportunities and will continually improve the quality and value of service to all its customers.

A number of strategic planning studies (infrastructure access, land/berthing capability analysis etc.) have shown that the port has the infrastructure to underpin substantial growth in all cargo areas.

A Strategic Marketing Plan to be completed in late 1996 will target the Port's growing attractiveness to a broad range of markets and new cargoes. Plans have and will continue to be put in place to ensure potential customers are identified and given every opportunity to locate in Port Kembla.

PORT KEMBLA PORT CORPORATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
PORT AUTHORITY INDICATORS						
Financial Ratios (1)						
Return on assets (6)	%	n.r.	n.r.	n.r.	n.r.	15.3
Return on operating assets (6)	%	n.r.	n.r.	n.r.	n.r.	16.5
Operating sales margin	%	n.r.	n.r.	n.r.	n.r.	67.7
Return on equity (6)	%	n.r.	n.r.	n.r.	n.r.	13.3
Dividend to equity ratio (6)	%	n.r.	n.r.	n.r.	n.r.	8.3
Dividend payout ratio	%	n.r.	n.r.	n.r.	n.r.	62.5
Debt to equity	%	n.r.	n.r.	n.r.	n.r.	78.6
Total liabilities to equity	%	n.r.	n.r.	n.r.	n.r.	104.0
Current ratio	%	n.r.	n.r.	n.r.	n.r.	63.0
Interest cover	%	n.r.	n.r.	n.r.	n.r.	303.1
Cost recovery ratio	%	n.r.	n.r.	n.r.	n.r.	309.5
Operational performance (6)	%	n.r.	n.r.	n.r.	n.r.	16.5
Non-Financial Ratios						
Economic Factors						
Total factor productivity	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Economic rate of return	%	n.p.	n.p.	n.p.	n.p.	n.p.
Efficiency						
Port authority charges per unit of cargo (2)	\$/MT	0.69	0.71	0.71	0.67	0.73
Port authority costs per unit of cargo (2)	\$/MT	0.55	0.43	0.43	0.52	0.65
Total days lost:						
- industrial disputes	%	0.10	0.00	0.00	0.00	0.02
- sick leave	%	2.30	2.30	3.40	2.43	2.65
- industrial accidents	%	0.00	0.30	0.20	0.31	0.25
- total	%	2.50	2.70	3.70	2.74	2.92
Effectiveness						
RPI of port authority charges (3)	Index	94.0	93.0	92.0	88.0	84.0
Size						
Total assets	\$M	n.r.	n.r.	n.r.	n.r.	196
Total revenue	\$M	n.r.	n.r.	n.r.	n.r.	44
Total employment	No	100	89	69	54	53

PORT KEMBLA PORT CORPORATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
PORT INDICATORS						
Non-Financial Ratios						
<i>Effectiveness</i>						
Berth occupancy:						
- container terminal	%	n.r.	n.r.	n.r.	n.r.	n.r.
- other than at a container terminal (4)	%	83.0	81.0	75.0	65.0	66.0
- whole port	%	n.r.	n.r.	n.r.	n.r.	n.r.
<i>Service Quality</i>						
Average time at berth (median) (4)	Hours	27	27	27	28	26
Turnaround time:						
- container ships at container terminals:						
- - median	Hours	n.r.	n.r.	n.r.	n.r.	n.r.
- - 95 percentile	Hours	n.r.	n.r.	n.r.	n.r.	n.r.
- other:						
- - median (4)	Hours	106	98	97	62	62
- - 95 percentile (4)	Hours	268	246	247	185	295
Cargo processed/ship working time (5)	MT/Hr	2 202	2 061	2 028	2 163	1 748
Cargo processed/gross ship time	MT/Hr	657	585	619	941	594
Stevedoring idle time	%	n.p.	n.p.	n.p.	n.p.	n.p.
Average delay time per ship due to industrial disputes	Hours	n.p.	n.p.	n.p.	n.p.	n.p.
<i>Size</i>						
Cargo handled:						
- non-containerised general cargo	'000 MT	1 682	1 875	1 994	2 125	2 163
- bulk cargo	'000 MT	24 290	24 376	24 995	22 198	23 557
- all cargo	'000 MT	25 978	26 251	26 989	24 323	25 720
Number of containers handled	TEUs	1 745	0	1	0	0

PORT KEMBLA PORT CORPORATION (continued)

NOTES TO INDICATORS FOR PORT KEMBLA PORT CORPORATION

Key: n.p. - not provided; n.r. - not relevant.

- 1) The financial results and indicators have been calculated as per the definitions provided. Corresponding indicators stated in the PKPC'S 1996 Annual Report may show different values, as slightly different definitions (eg exclusion of abnormal items) may have been used in their calculation. Information for all financial performance indicators has been taken from audited financial statements.
- 2) Port Corporation charges and costs exclude coal loading operations at the Port Kembla Coal Terminal. Unit of cargo is the mass tonne. Port Corporation charges have been equated to port management income. Port Corporation costs include port management, administration, expenditure, depreciation, and financial charges.
- 3) For Port Kembla Port Corporation, the index is corrected for CPI and based on the movement in the average port management income per mass tonne of cargo, excluding all coal loading related income.
- 4) This indicator is based on coal vessels only for Port Kembla.
- 5) Ship working times are not recorded. Ship time at berth has been used in calculation.
- 6) As this is the first year of operation there are no closing balances from the prior period. Accordingly, those calculations requiring averages have assumed that the closing balance is the same as the opening one.

SYDNEY PORTS CORPORATION**New South Wales****Comments on own performance***Background*

Sydney Ports Corporation is charged with the ownership and operation of public assets in the commercial ports of Sydney Harbour and Botany Bay. It became a corporation on 1 July 1995, having been constituted by the *Ports Corporatisation and Waterways Management Act 1995*. This legislation created three independent statutory port corporations serving the principal regions of the Hunter, Illawarra and Sydney.

Sydney Ports Corporation is the legal successor to the MSB Sydney Ports Authority, which was dissolved under the Act. Sydney Ports Corporation is a statutory State owned corporation under the *State Owned Corporations Act 1989*. A range of assets, rights and liabilities was vested in Sydney Ports Corporation by Ministerial Order. Staff were assigned to the Corporation by Ministerial Order.

At the same time, the *Marine Administration Act 1989* was repealed and substantial amendments were made to the *Maritime Services Act 1935*. Amendments were also made to the *Pilotage Act 1971* which was renamed the *Marine Pilotage Licensing Act*. The Corporation became subject to the *Trade Practices Act 1975* on and from 1 July 1995.

As far as the Corporation is concerned, one of the key aims of the *Ports Corporatisation and Waterways Management Act* was to establish a new organisation to manage the ports of Sydney with objectives which include operating at least as efficiently as a comparable business, maximising the State's investment in the Corporation and the promotion of trade through its facilities.

Current Operations

The Corporation is the central infrastructure provider and manager for the commercial ports of Sydney Harbour and Botany Bay. The Corporation also supplies various services to shipping under its Port Safety Operating Licence. Monitoring of the Corporation's performance under the Licence is a responsibility of the regulatory body, the Office of Marine Administration.

Performance

The Corporation was established on a 'greenfields' basis with a capital structure designed to assure it of a credit rating of at least 'A' in its initial year of operation. Sound performance was achieved in 1995–96 assisted by continuing growth in trade through the ports of Sydney. Being a new organisation with an asset base and financial structure different from that of the former MSB Sydney Ports Authority, the Corporation should not be compared with its predecessor for performance monitoring purposes.

SYDNEY PORTS CORPORATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
PORT AUTHORITY INDICATORS						
Financial Ratios (1)						
Return on assets	%	n.r.	n.r.	n.r.	n.r.	15.8
Return on operating assets	%	n.r.	n.r.	n.r.	n.r.	16.4
Operating sales margin	%	n.r.	n.r.	n.r.	n.r.	57.9
Return on equity (2)	%	n.r.	n.r.	n.r.	n.r.	19.5
Dividend to equity ratio	%	n.r.	n.r.	n.r.	n.r.	11.0
Dividend payout ratio (2)	%	n.r.	n.r.	n.r.	n.r.	56.5
Debt to equity	%	n.r.	n.r.	n.r.	n.r.	109.3
Total liabilities to equity	%	n.r.	n.r.	n.r.	n.r.	143.3
Current ratio	%	n.r.	n.r.	n.r.	n.r.	26.2
Interest cover	%	n.r.	n.r.	n.r.	n.r.	719.3
Cost recovery ratio	%	n.r.	n.r.	n.r.	n.r.	237.3
Operational performance	%	n.r.	n.r.	n.r.	n.r.	16.4
Non-Financial Ratios						
Economic Factors						
Total factor productivity	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Economic rate of return	%	n.p.	n.p.	n.p.	n.p.	n.p.
Efficiency						
Port authority charges per unit of cargo (3)	\$/MT	5.30	5.28	4.71	4.58	4.12
Port authority costs per unit of cargo (4)	\$/MT	3.72	2.88	2.51	2.25	1.98
Total days lost:						
- industrial disputes	%	0.10	0.00	0.00	0.00	0.00
- sick leave	%	4.40	3.90	4.40	2.32	2.81
- industrial accidents	%	1.40	1.00	1.00	0.39	0.73
- total	%	6.00	4.90	5.40	2.71	3.54
Effectiveness						
RPI of port authority charges	Index	99.00	97.00	86.00	80.00	69.00
Size						
Total assets (1)	\$M	n.r.	n.r.	n.r.	n.r.	334
Total revenue	\$M	n.r.	n.r.	n.r.	n.r.	84
Total employment	No	511	513	329	209	230

SYDNEY PORTS CORPORATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
PORT INDICATORS						
Non-Financial Ratios						
<i>Effectiveness</i>						
Berth occupancy: (5)						
- container terminal	%	n.p.	n.p.	39.0	53.0	49.0
- other than at a container terminal	%	n.p.	n.p.	n.p.	n.p.	n.p.
- whole port	%	n.p.	n.p.	n.p.	n.p.	n.p.
<i>Service Quality</i>						
Average time at berth (median)	Hours	n.p.	n.p.	43	44	41
Turnaround time: (6)						
- container ships at container terminals:						
- - median	Hours	n.p.	n.p.	39	45	42
- - 95 percentile	Hours	n.p.	n.p.	n.p.	n.p.	n.p.
- other:						
- - median	Hours	n.p.	n.p.	n.p.	n.p.	n.p.
- - 95 percentile	Hours	n.p.	n.p.	n.p.	n.p.	n.p.
Cargo processed/ship working time (7)	MT/Hr	n.p.	n.p.	n.p.	n.p.	22.2
Cargo processed/gross ship time	MT/Hr	n.p.	n.p.	n.p.	n.p.	n.p.
Stevedoring idle time	%	n.p.	n.p.	n.p.	n.p.	n.p.
Average delay time per ship due to industrial disputes	Hours	n.p.	n.p.	n.p.	n.p.	n.p.
<i>Size</i>						
Cargo handled: (8)						
- non-containerised general cargo	'000 MT	1 257	1 238	1 066	1 095	902
- bulk cargo	'000 MT	13 515	12 309	11 993	13 106	12 654
- all cargo	'000 MT	20 025	19 209	19 068	20 899	20 877
Number of containers handled	TEUs	521 749	561 401	593 290	670 674	698 648

SYDNEY PORTS CORPORATION (continued)

NOTES TO INDICATORS FOR SYDNEY PORTS CORPORATION

Key: n.p. - not provided; n.r. - not relevant.

- 1) Total assets include \$275 million of property, plant and equipment that was valued at the time of acquisition at the commencement of the Corporation on July 1 1995. As this valuation provided an initial value, no revaluation reserve was created.

<i>Category of asset</i>	<i>Method of valuation</i>	<i>Date of revaluation</i>	<i>Impact of revaluation</i>
Property, Plant and Equipment. (Minimum of 1995 value)	Deprival values subject to a return on asset test (RAT)	1 July 1995	\$40.067 million

- 2) \$15 444 Prima facie tax at 36 per cent plus/minus tax effect adjustments.
- 3) Calculated as income for all NSW Government Port Management activities in the ports of Sydney divided by total cargo throughput for Sydney (SPC plus private wharves). In 1995–96, income from SPC charges on cargo and ships (excluding Rental and Site Occupation) per mass tonne of cargo through the ports of Sydney was \$2.97. In future years the figure will be calculated on this basis.
- 4) Based on tonnage through SPC plus private wharves.
- 5) Berth Occupancy figures for 1993–94 onward are based on revised data from SPC's Harbour Management System (Berth Efficiency Report). The system does contain relevant data for years prior to 1993–94.
- 6) Turnaround Time figures from 1993–94 onward are based on revised data from SPC's Harbour Management System (Berth Efficiency Report). The system does contain relevant data for years prior to 1993–94.
- 7) Data relates to Botany Bay container terminals only. Ship Working Time was not recorded prior to 1995–96.
- 8) Tonnages shown are for 'whole of port' ie. SPC wharves plus private wharves.

MELBOURNE PORT CORPORATION**Victoria****Comments on own performance**

The Melbourne Port Corporation commenced operations on 1 March 1996 pursuant to the *Port Services Act 1995*. The main functions of the Corporation are to plan and coordinate the development of, and manage, land within the Melbourne port area, to construct infrastructure within that area and to make such land and infrastructure available to port service providers.

The Corporation's mission is to maximise the value of the port of Melbourne and its vision is to make the port of Melbourne Australia's leading, world class container and general cargo port by the year 2000.

Financial performance

The Minister for Finance has determined that for the purpose of preparing audited financial statements, the Corporation's first reporting period will be for the sixteen months ending on 30 June 1997. The financial information disclosed in this report is based on unaudited results relating to the period 1 March 1996 to 30 June 1996.

During the four months ended 30 June 1996, the Corporation achieved an operating profit before income tax of \$15.386 million and an operating profit after income tax of \$9.564 million.

As a result of the Corporation's initial financial position and the favourable result for the four months ended 30 June 1996, the Corporation has delivered a reduction of 20 per cent in wharfage charges effective 1 July 1996.

MELBOURNE PORT CORPORATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
PORT AUTHORITY INDICATORS						
Financial Ratios (1,2)						
Return on assets	%	n.r.	n.r.	n.r.	n.r.	4.2
Return on operating assets	%	n.r.	n.r.	n.r.	n.r.	4.4
Operating sales margin	%	n.r.	n.r.	n.r.	n.r.	63.3
Return on equity	%	n.r.	n.r.	n.r.	n.r.	3.1
Dividend to equity ratio	%	n.r.	n.r.	n.r.	n.r.	1.1
Dividend payout ratio	%	n.r.	n.r.	n.r.	n.r.	34.3
Debt to equity	%	n.r.	n.r.	n.r.	n.r.	43.3
Total liabilities to equity	%	n.r.	n.r.	n.r.	n.r.	51.0
Current ratio	%	n.r.	n.r.	n.r.	n.r.	39.5
Interest cover	%	n.r.	n.r.	n.r.	n.r.	483.3
Cost recovery ratio	%	n.r.	n.r.	n.r.	n.r.	280.2
Operational performance	%	n.r.	n.r.	n.r.	n.r.	4.4
Non-Financial Ratios						
Economic Factors						
Total factor productivity	Index	n.r.	n.r.	n.r.	n.r.	n.p.
Economic rate of return	%	n.r.	n.r.	n.r.	n.r.	n.p.
Efficiency						
Port authority charges per unit of cargo (4)	\$/MT	5.71	5.38	5.24	4.82	3.69
Port authority costs per unit of cargo (4)	\$/MT	6.77	5.83	5.23	4.63	2.45
Total days lost: (4)						
- industrial disputes	%	0.10	0.30	0.00	0.63	0.00
- sick leave	%	6.20	7.30	4.70	4.58	4.25
- industrial accidents	%	2.70	2.60	2.20	1.60	0.00
- total	%	8.90	10.30	6.90	6.80	4.25
Effectiveness						
RPI of port authority charges (4)	Index	98.06	97.34	95.41	76.65	n.p.
Size						
Total assets (1,4)	\$M	889	854	851	874	449
Total revenue (4)	\$M	142	183	166	174	30
Total employment (4)	No	946	707	561	527	73

MELBOURNE PORT CORPORATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
PORT INDICATORS						
Non-Financial Ratios						
<i>Effectiveness</i>						
Berth occupancy: (3)						
- container terminal	%	n.r.	n.r.	n.r.	n.r.	n.r.
- other than at a container terminal	%	n.r.	n.r.	n.r.	n.r.	n.r.
- whole port	%	n.r.	n.r.	n.r.	n.r.	n.r.
<i>Service Quality</i>						
Average time at berth (median) (3)	Hours	n.r.	n.r.	n.r.	n.r.	n.r.
Turnaround time: (3)						
- container ships at container terminals:						
- - median	Hours	n.r.	n.r.	n.r.	n.r.	n.r.
- - 95 percentile	Hours	n.r.	n.r.	n.r.	n.r.	n.r.
- other:						
- - median	Hours	n.r.	n.r.	n.r.	n.r.	n.r.
- - 95 percentile	Hours	n.r.	n.r.	n.r.	n.r.	n.r.
Cargo processed/ship working time (3)	MT/Hr	n.r.	n.r.	n.r.	n.r.	n.r.
Cargo processed/gross ship time (3)	MT/Hr	n.r.	n.r.	n.r.	n.r.	n.r.
Stevedoring idle time (3)	%	n.r.	n.r.	n.r.	n.r.	n.r.
Average delay time per ship due to industrial disputes (3)	Hours	n.r.	n.r.	n.r.	n.r.	n.r.
<i>Size</i>						
Cargo handled:						
- non-containerised general cargo	'000 MT	2 722	2 991	3 101	2 885	646
- bulk cargo	'000 MT	8 861	10 216	10 362	11 885	2 283
- all cargo	'000 MT	18 489	20 772	21 705	22 732	6 040
Number of containers handled	TEUs	673 676	733 789	802 782	883 977	309 290

MELBOURNE PORT CORPORATION (continued)

NOTES TO INDICATORS FOR MELBOURNE PORT CORPORATION

Key: n.p. - not provided; n.r. - not relevant.

- 1) The financial performance indicators are based on information contained in the Corporation's unaudited financial statements. With the exception of fixed asset related details, the financial information has been prepared in accordance with the historic cost accounting convention. Fixed asset related information has been prepared using current valuations as detailed in table below.

<i>Category of asset</i>	<i>Method of valuation</i>	<i>Date of revaluation</i>	<i>Impact of revaluation</i>
Land	Independently valued at current market buying price.	1 March 1996	N/A
Buildings	Replacement Value	1 March 1996	N/A
Improvements	Replacement Value	1 March 1996	N/A
Plant & Equipment	Replacement Value	1 March 1996	N/A
Office Furniture & Fittings	Replacement Value	1 March 1996	N/A
Motor Vehicles	Historical Cost		

- 2) The information contained in this survey relates to the period 1 March 1996 to 30 June 1996 only and has not been annualised.
- 3) These indicators relate to port activities which are performed by private enterprise. The Corporation does not have direct control over the outcome of these performance measures.
- 4) Information over the period 1994-95 1995-96 relates to the former Port of Melbourne Authority.

VICTORIAN CHANNELS AUTHORITY**Victoria****Comments on own performance**

The Victorian Channels Authority (VCA) was incorporated on the 1st January 1996 and commenced operations on 1st March 1996. It includes parts of the former businesses of the Port of Melbourne Authority and the Port of Geelong Authority, however the VCA's role and functions are significantly different to that of a port authority.

The VCA is a Statutory Authority of the State of Victoria, established under the *Port Services Act 1995* to manage channels in Port Waters for use on a fair, reasonable and commercial basis. It is responsible for the navigation channels within those waters and owns all associated navigation aids and other equipment relevant to its operations.

In addition to safe navigation and control of shipping movements within Port Waters, the Authority's other major responsibilities embrace the provision and maintenance of navigational aids and channels, as well as the co-ordination of pollution control and emergency response.

The VCA is responsible for the passage of vessels from the time of entering its waters to berthing. It is not responsible for the berthing of vessels or the provision of land based resources to vessels.

Financial performance

Results for the first four months of operations was satisfactory with a before tax profit of \$3.0 million and turnover amounting to \$7.3 million being reported for the period. As charges levied by the VCA for channel usage is regulated, meaningful analysis of financial performance for the period is not possible,

VICTORIAN CHANNELS AUTHORITY (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995(1)</i>
Financial Ratios						
Return on assets	%	n.r.	n.r.	n.r.	n.r.	22.5
Return on operating assets	%	n.r.	n.r.	n.r.	n.r.	26.6
Operating sales margin	%	n.r.	n.r.	n.r.	n.r.	42.5
Return on equity	%	n.r.	n.r.	n.r.	n.r.	34.9
Dividend to equity ratio	%	n.r.	n.r.	n.r.	n.r.	0.0
Dividend payout ratio	%	n.r.	n.r.	n.r.	n.r.	0.0
Debt to equity	%	n.r.	n.r.	n.r.	n.r.	100.4
Total liabilities to equity	%	n.r.	n.r.	n.r.	n.r.	176.3
Current ratio	%	n.r.	n.r.	n.r.	n.r.	144.3
Interest cover	%	n.r.	n.r.	n.r.	n.r.	2 380.8
Cost recovery ratio	%	n.r.	n.r.	n.r.	n.r.	174.0
Operational performance	%	n.r.	n.r.	n.r.	n.r.	26.6
Non-Financial Ratios						
<i>Economic Factors</i>						
Total factor productivity	Index	n.r.	n.r.	n.r.	n.r.	n.p.
Economic rate of return	%	n.r.	n.r.	n.r.	n.r.	n.p.
<i>Efficiency</i>						
Total days lost:						
- industrial disputes	%	n.r.	n.r.	n.r.	n.r.	0.00
- sick leave	%	n.r.	n.r.	n.r.	n.r.	1.24
- industrial accidents	%	n.r.	n.r.	n.r.	n.r.	0.00
- total	%	n.r.	n.r.	n.r.	n.r.	1.24
<i>Size</i>						
Total assets	\$M	n.r.	n.r.	n.r.	n.r.	14
Total revenue	\$M	n.r.	n.r.	n.r.	n.r.	7
Total employment	No	n.r.	n.r.	n.r.	n.r.	47
<i>Efficiency</i>						
Shipping charges per mass tonne	\$/MT	n.r.	n.r.	n.r.	n.r.	0.40
<i>Size</i>						
Number of vessel movements	No	n.r.	n.r.	n.r.	n.r.	1 114

VICTORIAN CHANNELS AUTHORITY (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995(1)</i>
Non-Financial Ratios (continued)						
<i>Safety</i>						
Shipping incidents	No	n.r.	n.r.	n.r.	n.r.	1

NOTES TO INDICATORS FOR VICTORIAN CHANNELS AUTHORITY

Key: n.p. - not provided: n.r. - not relevant.

- 1) The information contained in this survey relates to the period 1 March 1996 to 30 June 1996 only and has not been annualised.

VICTORIAN CHANNELS AUTHORITY (continued)

Units *1991-92* *1992-93* *1993-94* *1994-95* *1995(1)*

GLADSTONE PORT AUTHORITY**Queensland****Comments on own performance***Current operations*

The major activities of the GPA are:

- the provision of port infrastructure: dredged shipping channels, wharves, cargo handling and storage facilities, port lands and land access routes;
- the provision of cargo handling services: coal, grain and other bulk commodities;
- the provision and control of facilities for private pleasure craft, fishing vessels and charter/ferry boats; and
- the management of areas of reclaimed land not required for commercial port activities and available for leasing to light industry.

The GPA differs from other Queensland port authorities in that it conducts its own stevedoring activities for some bulk cargoes; for example, coal, grain, magnesite, calcite and woodchips. An increase in growth in containerised cargo saw the first stage of the Gladstone Container Terminal commence operations in 1996. Further development will be in a planned series of stages to meet the needs of Central Queensland Industry into the long-term.

Financial performance

Earnings before interest and tax were \$19.2 million in 1995–96 representing a return on total assets of 4.4 per cent. Provision has been made for a dividend payment of \$2.6 million. The Authority is required to pay tax equivalents to the Queensland Government.

In adopting tax effect accounting (AAS3) for 1995–96, the opening accumulated profit has been adjusted for future tax liability and benefits. While an income tax equivalent expense of \$6.1 million has been incurred, this has been offset by a future income tax benefit of \$8.9 million. No income tax equivalent is to be paid for 1995–96.

Non-financial performance

The volume of cargo handled declined on the previous year's record, although well above the other periods under review.

Employee numbers have levelled out over the past years under review.

The average total turnaround time increased on the previous year, while average berth occupancy decreased. This was caused by production problems at a number of coal mines which led to abnormal queuing of vessels waiting for product.

GLADSTONE PORT AUTHORITY (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
PORT AUTHORITY INDICATORS						
Financial Ratios						
Return on assets	%	10.6	8.3	5.9	5.0	4.4
Return on operating assets	%	10.5	8.4	5.9	4.9	4.3
Operating sales margin	%	44.9	38.8	29.0	27.0	24.5
Return on equity	%	10.9	8.6	5.0	4.6	2.5
Dividend to equity ratio	%	1.6	0.9	1.1	1.5	0.7
Dividend payout ratio	%	14.4	10.0	21.8	31.8	29.0
Debt to equity	%	27.7	36.6	29.7	17.1	12.9
Total liabilities to equity	%	34.4	42.7	34.2	22.1	16.9
Current ratio	%	126.5	87.3	71.0	67.9	69.2
Interest cover	%	417.3	404.5	258.7	376.0	463.1
Cost recovery ratio	%	174.7	149.8	147.4	140.8	132.6
Operational performance	%	9.6	7.2	6.5	5.2	4.4
Non-Financial Ratios						
<i>Economic Factors</i>						
Total factor productivity	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Economic rate of return	%	n.p.	n.p.	n.p.	n.p.	n.p.
<i>Efficiency</i>						
Port authority charges per unit of cargo	\$/MT	0.92	0.96	0.86	0.79	0.86
Port authority costs per unit of cargo	\$/MT	1.29	1.36	1.62	1.46	1.68
Total days lost:						
- industrial disputes	%	n.p.	n.p.	0.00	0.48	1.01
- sick leave	%	2.00	1.80	2.80	2.60	2.25
- industrial accidents	%	0.20	0.40	0.50	0.10	0.12
- total	%	2.20	2.20	3.30	3.18	3.38
<i>Effectiveness</i>						
RPI of port authority charges	Index	101.0	101.0	101.0	97.0	96.0
<i>Size</i>						
Total assets	\$M	287	325	321	431	438
Total revenue	\$M	64	64	65	68	77
Total employment	No	316	322	332	333	334

GLADSTONE PORT AUTHORITY (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
PORT INDICATORS						
Non-Financial Ratios						
<i>Effectiveness</i>						
Berth occupancy:						
- container terminal	%	n.r.	n.r.	n.r.	n.r.	n.r.
- other than at a container terminal	%	36.30	34.80	37.20	36.20	32.9
- whole port	%	36.30	34.80	37.20	36.20	32.9
<i>Service Quality</i>						
Average time at berth (median)	Hours	42.00	44.00	44.00	37.00	37.43
Turnaround time:						
- container ships at container terminals:						
- - median	Hours	n.r.	n.r.	n.r.	n.r.	n.r.
- - 95 percentile	Hours	n.p.	n.p.	n.p.	n.p.	n.p.
- other:						
- - median	Hours	65	64	66	58	67
- - 95 percentile	Hours	n.p.	n.p.	n.p.	n.p.	n.p.
Cargo processed/ship working time	MT/Hr	n.p.	n.p.	n.p.	n.p.	n.p.
Cargo processed/gross ship time	MT/Hr	727	755	710	896	711
Stevedoring idle time	%	n.r.	n.r.	n.r.	n.r.	n.r.
Average delay time per ship due to industrial disputes	Hours	0.20	0.50	0.10	1.70	0.91
<i>Size</i>						
Cargo handled:						
- non-containerised general cargo	'000 MT	195	209	195	167	199
- bulk cargo	'000 MT	31 781	32 913	32 531	36 804	36 545
- all cargo	'000 MT	31 976	33 122	32 555	36 829	36 744
Number of containers handled	TEUs	n.r.	n.r.	n.r.	1 318	1 938

NOTES TO INDICATORS FOR GLADSTONE PORT AUTHORITY

Key: n.p. - not provided; n.r. - not relevant.

GLADSTONE PORT AUTHORITY (continued)

Units *1991-92* *1992-93* *1993-94* *1994-95* *1995-96*

PORT OF BRISBANE CORPORATION**Queensland****Comments on own performance**

The Port of Brisbane Corporation was formed on 1 July 1994 when its predecessor the Port of Brisbane Authority was corporatised. The Authority was established in 1976 by the Queensland Government with an independent and commercially focussed Board of Directors to manage the port's business and to implement development of the port at Fisherman Islands. Prior to 1976, the responsibility for managing the Port of Brisbane rested with the Department of Harbours and Marine.

Since their inception, the Authority and the Corporation have been actively involved in creating channels, reclaiming land and providing wharves, buildings and other capital infrastructure. Investment of more than \$300 million by the Port of Brisbane Corporation and commercial interests has created a deep water port with modern container terminals and bulk cargo facilities for oil, coal, clinker, grain, sand and woodchips.

Fisherman Islands and the upriver facilities currently offer 26 berths and 5 960 million of quay line. Since 1976, total trade through the port has more than doubled to 18 788 620 tonnes and container trade has increased four fold to 249 439 TEU's, making Brisbane the third largest container port in Australia.

In 1992, the Corporation's KEY PORT BRISBANE STRATEGIC PLAN TO 2005 AND BEYOND was released, a blueprint for an ambitious expansion program to handle anticipated trade growth to 29 million tonnes per annum by the year 2005. This includes over 400 000 TEUs and 1 200 000 tonnes of general cargo annually.

Financial performance

Consistent with one of the Corporation's major objectives, trade maximisation, port charges were not increased over the five years under review (nor for the nine before). In fact berthage charges on cargo carrying vessels were abolished with effect from 1 July 1994. Port charges in real terms have therefore fallen considerably. The increase in net assets resulting from the revaluation required by corporatisation has resulted in a reduction in the return on assets and equity ratios. These reductions are more a reflection of revenue restraint rather than a reduction in performance. The financial position of the Corporation remains very strong and was enhanced during the period by large successive retirements of debt; the Corporation's debt to equity ratio falling from 7.8 per cent to 0.1 per cent during the last five years. Total revenue increased by about 9 per cent during the last five years.

Non-financial performance

Total trade increased by 1.1 per cent in 1995-96 to 18 788 620 tonnes. Container trade increased by 7.1 per cent in 1995-96 to 249 439 TEUs, representing growth of 25 per cent over the past five years.

PORT OF BRISBANE CORPORATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
PORT AUTHORITY INDICATORS						
Financial Ratios (1,2,3)						
Return on assets	%	16.3	17.6	17.7	7.9	5.8
Return on operating assets	%	16.8	18.5	18.9	7.9	5.7
Operating sales margin	%	52.0	61.4	59.4	48.0	35.8
Return on equity	%	18.7	19.8	19.6	8.4	4.1
Dividend to equity ratio	%	2.3	4.5	3.3	2.8	1.6
Dividend payout ratio	%	12.3	22.7	16.6	33.0	38.8
Debt to equity	%	7.8	0.0	0.0	0.0	0.1
Total liabilities to equity	%	18.0	11.2	10.0	6.6	7.6
Current ratio	%	146.0	115.6	198.9	107.6	126.6
Interest cover (4)	%	995.7	5 479.7	n.r.	n.r.	113 065
Cost recovery ratio	%	208.3	259.4	246.2	192.4	183.8
Operational performance	%	16.8	18.5	18.9	7.9	7.2
Non-Financial Ratios						
<i>Economic Factors</i>						
Total factor productivity	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Economic rate of return	%	n.p.	n.p.	n.p.	n.p.	n.p.
<i>Efficiency</i>						
Port authority charges per unit of cargo	\$/MT	1.96	2.06	2.03	1.94	1.93
Port authority costs per unit of cargo (5)	\$/MT	1.72	1.32	1.35	1.60	1.69
Total days lost:						
- industrial disputes	%	0.00	0.00	0.00	0.00	0.00
- sick leave	%	n.p.	n.p.	n.p.	2.45	2.90
- industrial accidents	%	n.p.	n.p.	n.p.	1.57	0.97
- total	%	3.00	2.60	1.80	4.12	3.87
<i>Effectiveness</i>						
RPI of port authority charges (6)	Index	93.5	92.2	90.4	82.8	79.7
<i>Size</i>						
Total assets	\$M	180	190	214	377	404
Total revenue	\$M	55	53	60	59	60
Total employment	No	238	233	226	227	228

PORT OF BRISBANE CORPORATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
PORT INDICATORS						
Non-Financial Ratios						
<i>Effectiveness</i>						
Berth occupancy: (8)						
- container terminal	%	43.0	35.0	40.0	48.3	46.5
- other than at a container terminal	%	19.0	15.0	20.0	23.4	36.2
- whole port	%	22.0	18.0	23.0	27.3	40.5
<i>Service Quality</i>						
Average time at berth (median) (7)	Hours	34.00	29.00	21.00	23.85	23.13
Turnaround time: (7)						
- container ships at container terminals:						
- - median	Hours	24.00	19.00	28.00	29.97	29.21
- - 95 percentile	Hours	49.00	39.00	50.00	60.75	54.19
- other:						
- - median	Hours	26.00	n.p.	23.00	32.12	31.82
- - 95 percentile	Hours	32.00	n.p.	48.00	52.88	70.51
Cargo processed/ship working time (9)	MT/Hr	195	252	168	168	189
Cargo processed/gross ship time (9)	MT/Hr	157	184	109	135	102
Stevedoring idle time	%	n.p.	n.p.	n.p.	n.p.	n.p.
Average delay time per ship due to industrial disputes	Hours	n.p.	n.p.	n.p.	n.p.	n.p.
<i>Size</i>						
Cargo handled:						
- non-containerised general cargo	'000 MT	570	612	574	574	670
- bulk cargo	'000 MT	14 075	12 849	14 721	15 671	15 658
- all cargo	'000 MT	16 672	15 598	17 585	18 581	18 789
Number of containers handled	TEUs	200 105	213 518	228 055	232 873	249 439

PORT OF BRISBANE CORPORATION (continued)

NOTES TO INDICATORS FOR PORT OF BRISBANE CORPORATION

Key: n.p. - not provided; n.r. - not relevant.

- 1) The PBC acquired all assets and liabilities of its predecessor body the PBA on 1 July 1994. All assets were listed at cost to the Corporation following an independent revaluation which increased the opening asset values by 67.7 per cent including vested land not previously included in the balance sheet.
- 2) PBC is exempt from income tax under section 23(d) of the *Income Tax Assessment Act*. However, pursuant to section 155 of the *Government Owned Corporations Act*, and paragraph 3(a) of Part C of the Treasurer's Tax Equivalent Manual, it is subject to the provisions of the Queensland Tax Equivalent Regime (TER) from 1 July 1995.
- 3) Audited financial data, extracted from the annual financial statements included in annual reports, has been used in all financial ratios provided.
- 4) The PBC was debt free during 1993–94 and 1994–95 and hence this ratio was not applicable for those years.
- 5) The increase in 1994–95 was mainly due to increased depreciation expenditure owing to the revaluation of assets. This alone represented \$0.31 per tonne.
- 6) The base year for the calculation of the Real Price Index is 1989–90.
- 7) This data relates to Fisherman Islands container wharves only. "Other" is defined as other vessel types at container terminals.
- 8) Berth occupancy is calculated as a percentage of the sum of time at berth divided by the available hours times the number of berths.
- 9) Data to 1992–93 is ATAC June quarter only. Data not tabulated in annual format. Data from 1993–94 to 1995–96 relates to Fisherman Islands container wharves only.

SOUTH AUSTRALIAN PORTS CORPORATION

South Australia

Comments on own performance

In South Australia, Ports Corporation manages the Port of Adelaide and nine regional ports. The Corporation's primary function is to manage the ports and related facilities vested in the Corporation on a sound commercial basis as a business enterprise. The South Australian Ports Corporation was established on 24 October 1994 and is a statutory corporation to which all the provisions of the *South Australian Public Corporations Act 1993* apply. The Corporation is subject to control and direction of the Minister. As a direct result of this restructure, Ports Corporation no longer controls the State's indentured ports, and hence all financial and non-financial data related to these ports has been omitted.

Current operations

The majority of the Corporation's throughput and income is from bulk commodities. Containers and general cargo represent about one quarter of total trade. In 1995–96 total cargo throughput was 11.2 million tonnes, largely as a result of high grain exports. Total container movements in 1995–96 were 69 075 TEUs which was a 3.7 per cent increase from 1994–95. 1 357 vessels called at the commercial ports controlled by Ports Corporation.

Financial performance.

In 1995–96 financial performance improved due to a significant fall in operating expenses while operating revenue remained at a constant level. However, write-downs in the value of non-current assets due to the adoption of deprival values introduced a significant abnormal expense that resulted in some negative financial ratios for 1995–96. A new financial charter to reflect the Corporation's business was finalised during the year. Key elements as a result of this charter were the re-valuation of assets vested to the Corporation; payment of tax equivalents; agreed dividend on net profit; and a capital restructure.

Non-financial performance

Significant improvements in the past two years largely reflect the major reductions in work force size, improved workplace practices, OH&S initiatives and increased throughput at the container terminal.

SOUTH AUSTRALIAN PORTS CORPORATION (cont.)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
PORT AUTHORITY INDICATORS						
Financial Ratios (2,3,11)						
Return on assets (1)	%	10.1	10.4	9.0	3.9	- 20.1
Return on operating assets (1)	%	10.1	10.3	9.0	3.3	- 23.2
Operating sales margin (1)	%	46.2	46.0	39.1	14.3	- 77.9
Return on equity (1)	%	n.p.	n.p.	n.p.	n.p.	- 55.7
Dividend to equity ratio (1)	%	3.6	4.6	5.0	6.7	4.3
Dividend payout ratio (1,4)	%	n.p.	n.p.	n.p.	n.p.	- 7.8
Debt to equity	%	195.4	198.8	79.8	71.8	133.0
Total liabilities to equity	%	213.7	213.7	87.3	80.3	156.9
Current ratio	%	174.0	348.2	572.2	260.5	314.1
Interest cover (1)	%	113.1	137.6	191.1	88.3	- 411.9
Cost recovery ratio (1)	%	190.2	189.7	170.0	180.9	155.2
Operational performance (1)	%	10.4	10.6	9.5	10.3	10.6
Non-Financial Ratios						
Economic Factors						
Total factor productivity	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Economic rate of return	%	n.p.	n.p.	n.p.	n.p.	n.p.
Efficiency						
Port authority charges per unit of cargo (5,6)	\$/MT	2.82	2.81	2.77	2.24	1.71
Port authority costs per unit of cargo (5,6)	\$/MT	2.63	2.41	2.23	1.24	1.66
Total days lost: (7)						
- industrial disputes	%	n.p.	0.00	0.00	0.00	0.00
- sick leave	%	n.p.	3.30	2.50	2.50	1.04
- industrial accidents	%	n.p.	0.10	1.40	1.40	0.30
- total	%	2.50	3.40	4.00	3.90	1.34
Effectiveness						
RPI of port authority charges (8)	Index	97.7	95.2	92.2	89.4	86.2
Size						
Total assets (11)	\$M	214	215	221	192	126
Total revenue	\$M	45	47	48	46	45
Total employment (9)	No	402	384	348	263	224

SOUTH AUSTRALIAN PORTS CORPORATION (cont.)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
PORT INDICATORS						
Non-Financial Ratios						
<i>Effectiveness</i>						
Berth occupancy:						
- container terminal	%	13.1	20.0	20.8	25.8	24.9
- other than at a container terminal	%	5.9	5.9	6.5	6.8	9.5
- whole port	%	6.2	6.7	6.8	7.7	10.4
<i>Service Quality</i>						
Average time at berth (median)	Hours	24	24	17	19	18
Turnaround time:						
- container ships at container terminals:						
- - median	Hours	33	30	26	24	22
- - 95 percentile	Hours	43	39	47	52	58
- other:						
- - median	Hours	n.p.	n.p.	n.p.	18	19
- - 95 percentile	Hours	n.p.	n.p.	n.p.	106	105
Cargo processed/ship working time (10)	MT/Hr	385	386	469	469	n.r.
Cargo processed/gross ship time (10)	MT/Hr	221	247	307	426	n.r.
Stevedoring idle time	%	n.p.	n.p.	n.p.	n.p.	n.p.
Average delay time per ship due to industrial disputes	Hours	n.p.	n.p.	n.p.	n.p.	n.p.
<i>Size</i>						
Cargo handled:						
- non-containerised general cargo	'000 MT	1 125	871	847	795	621
- bulk cargo	'000 MT	14 417	15 342	19 508	18 222	9 847
- all cargo	'000 MT	16 020	16 813	20 355	19 754	11 245
Number of containers handled	TEUs	42 738	54 007	64 031	66 605	69 075

SOUTH AUSTRALIAN PORTS CORPORATION (cont.)

NOTES TO INDICATORS FOR SOUTH AUSTRALIAN PORTS CORPORATION

Key: n.p. - not provided; n.r. - not relevant.

- 1) Consistent with the Steering Committee's standard definitions, South Australian Ports Corporation's reported financial ratios are calculated on an *after abnormal*s basis.

Adversely impacting on its financial ratios, the Corporation recorded an abnormal expense of \$49 million in 1995–96. This related solely to the write down in the value of non current assets due to the adoption of deprival value asset valuation.

The South Australian Port Corporation's 1995–96 financial ratios are reported (where different) on a *before abnormal*s basis below.

Return on assets	10.9%
Return on operating assets	10.6%
Operating sales margin	35.6%
Return on equity	7.7%
Dividend to equity ratio	4.3%
Dividend payout ratio	56.2%
Interest cover	223.3%
Operational performance	44.5%

- 2) All figures are on a consolidated commercial basis covering Port Adelaide and nine regional ports.
- 3) The calculation of all financial figures and cargo tonnages include indentured ports. However, they have been omitted from calculation of Port Indicators as Ports Corp has no control over the operations of these ports. For 1995–96, all data related to the indentured ports, including financial and cargo related, is excluded from all calculations as these ports were not vested with Ports Corp SA.
- 4) Dividend is calculated on total commercial profits, and for 1994–95 includes a special dividend for indenture ports income.
- 5) Port authority charges/unit of cargo and Port authority costs/unit of cargo excludes Pt Stanvac until 1994–95. The 1994–95 ratios include Port Stanvac charges, costs and tonnages. 1995–96 ratio excludes indentured ports.
- 6) In 1994–95 the calculation of charges and cost per unit of cargo was been revised for each of the previous years. While this has significantly changed individual figures, the trends have remained constant. 1995–96 ratio excludes indentured ports.
- 7) The total days lost performance indicator is related to normal working hours, excluding travelling to and from work, recess periods, shiftwork and overtime.

SOUTH AUSTRALIAN PORTS CORPORATION (cont.)

NOTES TO INDICATORS FOR SOUTH AUSTRALIAN PORTS CORPORATION (continued)

- 8) Methodology used in calculating real price index of port charges included weighting the average of ship based charges (conservancy, tonnage, and pilotage) for all types of ship/cargo.
- 9) Average full time employees include employees engaged in non-commercial operations up to the 5 January 1995.
- 10) The performance indicators cargo processed/working time and cargo processed/gross time are calculated for container ships only for 1990–91 to 1993–94. For 1994–95 all ports were included by incorporating a best–estimate of ship turnaround times at non-container terminals. Ship working time has been substituted with actual time at berth for all but the container terminal. No figures are provided for 1995–96 as Ports Corp SA is not involved in stevedoring.
- 11) Significant changes to the valuation methodology associated with non-current assets were introduced during the 1995–96 financial year. Previously the Corporation had valued all assets on the basis of historical cost, with the exception of land which was valued on the basis of the Valuer General assessment of site value.

Assets have been valued either on the basis of recoverable amount, as measured by the discounted value of future net cash flows or deprival value, being written-down cost for specialised (infrastructure) assets and current market buying price non-specialised (land and buildings) assets (See table below).

<i>Category of asset</i>	<i>Method of valuation</i>	<i>Date of revaluation</i>	<i>Impact of revaluation</i>
Land	Market Value	1 July 1995	\$20.166 million
Infrastructure	Deprival Value	1 July 1995	- \$44.879 million
Plant and Equipment	Deprival Value	1 July 1995	\$2.823 million

SOUTH AUSTRALIAN PORTS CORPORATION (cont.)

FREMANTLE PORT AUTHORITY**Western Australia****Comments on own performance**

The Fremantle Port Authority (FPA) is a Corporate Body which strategically manages the Port of Fremantle. Fremantle is the largest general cargo port in Western Australia and handles 85 per cent by value of the State's imports and 37 per cent by value of the State's exports. In 1995–96 Fremantle Port handled around 79 per cent of the nation's live sheep exports and around 30 per cent of the nation's wheat exports.

Following a major review the FPA was commercialised from 1 July 1996, with Government approving a Port Charter and Statement of Corporate Intent. The role of the FPA was clarified by Government for the first time in the port's 90 year history with agreement on a primary role of trade facilitation in an efficient and commercial manner. A new streamlined structure for the FPA was approved for adoption from 1 July 1996, consistent with commercialisation.

Financial performance

1995–96 saw the FPA record a profit of \$8.3 million. The FPA's strong financial performance has enabled debt to be reduced by \$14.2 million over the past two financial years, thanks to greater efficiencies being identified throughout all areas at the port and use of more sophisticated cash flow management models. This debt reduction will provide annual savings of \$1.4 million in interest payments.

As well as aiming to reduce debt, the FPA has made significant progress towards lowering costs and passing these onto port users in the form of reduced port charges. The new port pricing model has given port customers a three-year real terms decrease in charges of 18.5 per cent.

Non-financial performance

The efficiency indicators show an 8.6 per cent real term reduction in FPA charges per unit of cargo over the last financial year.

Average Port Authority costs per unit of cargo have reduced significantly over the last five year period as a result of efficiency improvements and increased cargo throughput. Average berth time and container vessel turnaround time have improved significantly since 1991–92. Total port trade reached 20.2 million tonnes, and record container throughput figures were achieved in 1995–96, with 202 680 TEUs being handled — a 7.1 per cent increase on the 1994–95 result, with full export containers growing by 13 per cent.

FREMANTLE PORT AUTHORITY (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
PORT AUTHORITY INDICATORS						
Financial Ratios (1,2)						
Return on assets	%	- 0.6	7.4	14.3	15.7	14.6
Return on operating assets	%	- 1.7	7.5	15.2	17.0	15.8
Operating sales margin	%	- 3.9	15.9	27.8	27.0	27.1
Return on equity	%	25.0	4.2	- 16.2	- 32.7	- 102.6
Dividend to equity ratio	%	- 3.3	- 2.9	0.0	0.0	0.0
Dividend payout ratio	%	- 13.3	- 68.4	0.0	0.0	0.0
Debt to equity	%	- 209.7	- 198.7	- 248.3	- 319.5	1 490.2
Total liabilities to equity	%	- 351.4	- 330.5	- 424.6	- 571.9	2 751.2
Current ratio	%	206.7	75.0	92.8	78.1	99.6
Interest cover	%	- 7.0	80.7	172.5	216.2	235.0
Cost recovery ratio	%	98.9	130.3	156.7	146.0	141.0
Operational performance	%	- 0.5	11.0	19.1	19.6	16.0
Non-Financial Ratios						
Economic Factors						
Total factor productivity	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Economic rate of return	%	n.p.	n.p.	n.p.	n.p.	n.p.
Efficiency						
Port authority charges per unit of cargo	\$/MT	1.60	1.78	1.80	1.86	1.76
Port authority costs per unit of cargo	\$/MT	2.63	2.45	2.09	2.01	1.98
Total days lost: (3)						
- industrial disputes	%	n.p.	n.p.	n.p.	n.p.	n.p.
- sick leave	%	n.p.	n.p.	n.p.	n.p.	n.p.
- industrial accidents	%	n.p.	n.p.	n.p.	n.p.	n.p.
- total	%	n.p.	n.p.	n.p.	n.p.	n.p.
Effectiveness						
RPI of port authority charges	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Size						
Total assets	\$M	88	87	90	94	104
Total revenue	\$M	36	38	44	51	51
Total employment	No	524	410	300	226	215

FREMANTLE PORT AUTHORITY (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
PORT INDICATORS						
Non-Financial Ratios						
<i>Effectiveness</i>						
Berth occupancy: (4)						
- container terminal	%	38.0	38.0	44.0	46.0	50.0
- other than at a container terminal	%	32.0	35.0	42.0	36.0	35.0
- whole port	%	33.0	36.0	43.0	38.0	36.0
<i>Service Quality</i>						
Time at berth:						
- container hours	Hours	28	23	24	26	24
- bulk hours	Hours	43	39	39	39	40
Turnaround time:						
- container ships at container terminals:						
- - median	Hours	33	26	27	30	28
- - 95 percentile	Hours	95	85	81	86	76
- other: (5)						
- - median	Hours	60	57	59	62	62
- - 95 percentile	Hours	171	203	185	240	211
Cargo processed/ship working time (6)	MT/Hr	n.r.	n.r.	n.r.	n.r.	n.r.
Cargo processed/gross ship time (7)	MT/Hr	n.p.	n.p.	n.p.	n.p.	n.p.
- container	MT/Hr	80	118	117	118	124
- general	MT/Hr	21	34	37	32	27
- all cargo	MT/Hr	356	347	355	302	358
Stevedoring idle time (8)	%	n.r.	n.r.	n.r.	n.r.	n.r.
Average delay time per ship due to industrial disputes (9)	Hours	n.p.	n.p.	n.p.	n.p.	n.p.
<i>Size</i>						
Cargo handled:						
- non-containerised general cargo	'000 MT	414	475	561	565	671
- bulk cargo	'000 MT	15 235	16 135	17 460	17 533	17 150
- all cargo	'000 MT	17 199	18 289	20 008	20 329	20 206
Number of containers handled	TEUs	132 093	146 118	169 174	189 272	202 680

FREMANTLE PORT AUTHORITY (continued)

NOTES TO INDICATORS FOR FREMANTLE PORT AUTHORITY

Key: n.p. - not provided; n.r. - not relevant.

- 1) All fixed assets other than Navigational Aids and Berths and Jetties are recorded at historical cost. The Navigational Aids were revalued at the start of the 1993–94 financial year with the valuations being based on market value for existing use as determined by independent valuers and also at management's valuation. Also during 1995–96 an independent valuation was undertaken on Berths and Jetties. The valuation was based on the market value for existing use.
- 2) The FPA was not subject to tax or tax equivalent payments for 1995–96.
- 3) Total days lost information not available due to change in recording system.
- 4) Berth occupancy based on total days of berth usage divided by total days available for use.
- 5) Turnaround time collected for container and bulk vessels only as from 1 July 1989.
- 6) The FPA is not involved in Stevedoring, thus total working time on ships is not recorded.
- 7) Recording of this indicator commenced as from 1 July 1990. This indicator is collected for container, general and bulk vessels.
- 8) The FPA ceased employment of “A” register waterside workers on 21 January 1991 (exit from Stevedoring).
- 9) Average delay time information not available to the FPA.

BURNIE PORT AUTHORITY**Tasmania****Comments on own performance**

The Burnie Port Authority (BPA), is a statutory authority constituted under the *Marine Act 1976*. The Authority is responsible for the planning, development and operation of the seaport of Burnie on the north-west coast of Tasmania. It also operates the Burnie airport which is located at Wynyard, 20 kilometres west of Burnie. The airport is excluded from this commentary.

Current operations

The BPA's primary functions are to provide for the safe and efficient movement of ships into and out of the port, to ensure the efficient and reliable handling of cargo, and the availability of adequate infrastructure, labour and facilities.

Financial performance

Total revenue in 1995–96 was \$12.13 million, a reduction of \$1.43 million on the previous year's figure, caused by a decline of \$663 000 in stevedoring income, (the number of stevedoring employees was reduced from 13 to 2 during the financial year), \$134 000 in property rentals, \$214 000 in interest on investments and abnormal revenue of \$417 000.

Increased expenditure of \$223 000 in interest payments, \$64 000 in lease payments, redundancy payments to former stevedoring employees amounting to \$469 000 and losses due to wharf demolition of \$462 000, were partly offset by reduced expenditure on stevedoring and mooring activities of \$621 000, and administration expenditure of \$281,000; resulting in an overall expenditure increase of \$531 000.

The requirement to make taxation equivalence payments was introduced in 1992–93, however taxation losses have occurred in each of the past four financial years.

Non-financial performance

In the financial year ended 30 June 1996, the BPA recorded highest ever figures for revenue tonnes of cargo, mass tonnes of cargo, gross tonnage of shipping and the number of containers.

In the 12 months 490 vessels visited the port (39 more than in the previous year) and handled 5.275 million revenue tonnes of cargo, up from 5.243 million tonnes in 1994–95. A total of 119 669 containers was handled in the port, a 15 per cent increase on the 1994–95 total of 104 382.

An amount in excess of \$6.3 million has been expended by the BPA over the past 18 months on the extension of the Brambles wharf area.

BURNIE PORT AUTHORITY (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
PORT AUTHORITY INDICATORS						
Financial Ratios (1,2)						
Return on assets	%	10.9	8.5	15.3	5.1	1.0
Return on operating assets	%	11.2	9.0	17.4	4.9	0.6
Operating sales margin	%	37.9	23.4	35.0	13.5	2.1
Return on equity	%	7.7	5.8	25.5	2.4	- 7.7
Dividend to equity ratio	%	0.0	0.0	0.0	0.0	0.0
Dividend payout ratio	%	0.0	0.0	0.0	0.0	0.0
Debt to equity	%	119.0	122.2	104.7	102.2	100.9
Total liabilities to equity	%	125.4	133.0	123.7	121.4	115.0
Current ratio	%	194.7	467.5	250.8	267.7	113.7
Interest cover	%	158.4	142.6	376.0	126.4	23.0
Cost recovery ratio	%	148.6	151.4	128.2	111.9	111.0
Operational performance	%	8.9	13.0	8.6	3.8	3.1
Non-Financial Ratios						
Economic Factors						
Total factor productivity	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Economic rate of return	%	n.p.	n.p.	n.p.	n.p.	n.p.
Efficiency						
Port authority charges per unit of cargo	\$/MT	2.63	2.65	2.81	2.97	2.94
Port authority costs per unit of cargo	\$/MT	1.46	1.17	0.98	1.02	1.33
Total days lost:						
- industrial disputes	%	n.p.	n.p.	n.p.	n.p.	n.p.
- sick leave	%	n.p.	n.p.	n.p.	n.p.	n.p.
- industrial accidents	%	n.p.	n.p.	n.p.	n.p.	n.p.
- total	%	n.p.	n.p.	n.p.	n.p.	n.p.
Effectiveness						
RPI of port authority charges	Index	93.4	92.2	89.5	86.8	83.6
Size						
Total assets	\$M	31	34	43	43	43
Total revenue	\$M	9	11	16	14	12
Total employment	No	44	59	70	69	58

BURNIE PORT AUTHORITY (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
PORT INDICATORS						
Non-Financial Ratios						
<i>Effectiveness</i>						
Berth occupancy:						
- container terminal	%	45.8	40.3	35.4	36.7	33.9
- other than at a container terminal	%	40.1	23.2	21.1	18.5	17.6
- whole port	%	41.3	27.5	24.7	23.1	17.9
<i>Service Quality</i>						
Average time at berth (median)	Hours	21	21	19	19	16
Turnaround time:						
- container ships at container terminals:						
- - median	Hours	n.p.	n.p.	n.p.	n.p.	n.p.
- - 95 percentile	Hours	n.p.	n.p.	n.p.	n.p.	n.p.
- other:						
- - median	Hours	n.p.	n.p.	n.p.	n.p.	n.p.
- - 95 percentile	Hours	n.p.	n.p.	n.p.	n.p.	n.p.
Cargo processed/ship working time	MT/Hr	n.p.	n.p.	n.p.	n.p.	n.p.
Cargo processed/gross ship time	MT/Hr	209	258	311	319	346
Stevedoring idle time	%	n.p.	n.p.	n.p.	n.p.	n.p.
Average delay time per ship due to industrial disputes	Hours	n.p.	n.p.	n.p.	n.p.	n.p.
<i>Size</i>						
Cargo handled:						
- non-containerised general cargo	'000 MT	11	87	176	197	295
- bulk cargo	'000 MT	1 180	1 438	1 382	1 299	1 213
- all cargo	'000 MT	2 197	2 592	2 755	2 698	2 717
Number of containers handled	TEUs	77 148	85 035	97 084	104 382	119 669

NOTES TO INDICATORS FOR BURNIE PORT AUTHORITY

Key: n.p. - not provided; n.r. - not relevant.

- 1) All assets have been recorded using historical costs, except for industrial land, which has been revalued.
- 2) The authority has not sought to have any of its activities recognised as CSOs.

BURNIE PORT AUTHORITY (continued)

Units *1991-92* *1992-93* *1993-94* *1994-95* *1995-96*

MARINE BOARD OF HOBART**Tasmania****Comments on own performance**

The Marine Board of Hobart (MBH) is a statutory authority established in 1858 and is constituted under the *Tasmanian Marine Act 1976*. The MBH is managed by a Board elected from port users (both cargo owners and shipowners-operators).

Current operations

The Vision of the MBH is to provide Integrated Transport Services to facilitate Trade. The MBH carries out its vision by providing port facilities, cargo handling facilities and outsourcing some functions which support these facilities.

Financial performance

Because of the geographical disadvantage of the Port of Hobart compared with northern Tasmanian ports the financial strategy has been to reduce real prices by improved efficiencies to remain competitive. To this end external debt has been reduced considerably over the last decade and whenever possible, port infrastructure improvements have been financed from internal funds. In 1992–93 a regime of income tax equivalent payments for the Tasmanian port authorities was introduced. The 1994–95 MBH Surplus before provision for Tax was \$2 081 204 which is an increase of \$435 973 or 26.5 per cent over the last year. The increase was largely attributable to total revenue of \$11 865 290 being \$722 990 ahead of budget and total expenditure, excluding capital works of \$9 783 888 being \$675 112 below budget. In 1995–96 the surplus was reduced to \$327 766. This was due to abnormal items of \$1 299 590 relating to redundancy payments. The MBH reduced staff numbers to reduce pressures as a result of losing some regular shipping contracts.

Non-financial performance

The MBH does not conduct stevedoring operations and therefore is unable to provide data on the efficiency and effectiveness of stevedoring in the Port of Hobart. Analysis of shipping trends indicates fewer but larger vessels calling at the port.

MARINE BOARD OF HOBART (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
PORT AUTHORITY INDICATORS						
Financial Ratios (1)						
Return on assets	%	5.1	3.3	4.1	4.7	3.5
Return on operating assets	%	4.1	2.1	3.8	4.4	2.2
Operating sales margin	%	18.2	7.7	11.9	13.7	7.5
Return on equity	%	4.9	3.1	1.3	3.6	3.9
Dividend to equity ratio	%	0.0	0.0	0.0	0.0	0.0
Dividend payout ratio	%	0.0	0.0	0.0	0.0	0.0
Debt to equity	%	4.9	4.1	3.4	9.9	8.8
Total liabilities to equity	%	9.8	10.2	12.1	19.4	17.5
Current ratio	%	598.3	683.3	614.6	450.1	594.4
Interest cover	%	865.7	675.7	1 079.8	1 630.1	1 650.5
Cost recovery ratio	%	120.7	115.4	124.1	115.8	124.7
Operational performance	%	3.8	3.7	6.2	4.4	5.7
Non-Financial Ratios						
Economic Factors						
Total factor productivity	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Economic rate of return	%	n.p.	n.p.	n.p.	n.p.	n.p.
Efficiency						
Port authority charges per unit of cargo (2)	\$/MT	1.79	1.60	1.62	1.73	1.43
Port authority costs per unit of cargo	\$/MT	2.59	3.02	3.15	3.09	2.73
Total days lost:						
- industrial disputes	%	n.p.	n.p.	n.p.	2.13	0.54
- sick leave	%	2.50	3.20	2.40	2.10	2.27
- industrial accidents	%	0.30	0.20	0.30	0.21	0.32
- total	%	2.80	3.40	2.70	0.91	2.38
Effectiveness						
RPI of port authority charges	Index	93.4	89.3	83.8	77.7	63.4
Size						
Total assets	\$M	43	44	45	49	49
Total revenue	\$M	10	10	11	12	12
Total employment	No	100	95	94	94	68

MARINE BOARD OF HOBART (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
PORT INDICATORS						
Non-Financial Ratios						
<i>Effectiveness</i>						
Berth occupancy:						
- container terminal	%	n.p.	n.p.	n.p.	n.p.	n.p.
- other than at a container terminal	%	n.p.	n.p.	n.p.	n.p.	n.p.
- whole port	%	n.p.	n.p.	20.0	21.7	21.1
<i>Service Quality</i>						
Average time at berth (median)	Hours	45	69	57	56	61
Turnaround time: (3)						
- container ships at container terminals:						
- - median	Hours	45	67	55	57	43
- - 95 percentile	Hours	106	97	122	125	n.p.
- other:						
- - median	Hours	n.p.	n.p.	n.p.	n.p.	n.p.
- - 95 percentile	Hours	n.p.	n.p.	n.p.	n.p.	n.p.
Cargo processed/ship working time	MT/Hr	n.p.	n.p.	n.p.	n.p.	n.p.
Cargo processed/gross ship time (4)	MT/Hr	113	69	20	92	126
Stevedoring idle time	%	n.p.	n.p.	n.p.	n.p.	n.p.
Average delay time per ship due to industrial disputes	Hours	n.p.	n.p.	n.p.	n.p.	n.p.
<i>Size</i>						
Cargo handled:						
- non-containerised general cargo	'000 MT	97	100	118	80	71
- bulk cargo	'000 MT	1 878	2 030	2 085	2 095	2 071
- all cargo	'000 MT	2 525	2 614	2 634	2 680	2 539
Number of containers handled	TEUs	35 468	31 735	29 559	30 967	29 714

MARINE BOARD OF HOBART (continued)

NOTES TO INDICATORS FOR MARINE BOARD OF HOBART

Key: n.p. - not provided; n.r. - not relevant.

- 1) Port Authority costs includes all operating costs including non-port activity related costs.
- 2) Charges per unit of cargo based upon revenue from wharfage, tonnage dues, conservancy dues, pilotage, services to ships, (eg: water power, mooring lines etc).
- 3) Turnaround time only recorded for total port.
- 4) Gross ship time includes non-cargo vessels and laid-up vessels which results in the indicator being understated.

PORT OF DEVONPORT AUTHORITY**Tasmania****Comments on own performance**

The Port of Devonport Authority (formerly the Marine Board of Devonport) was first formed in 1868. It is a State Government statutory authority with the governing legislation being the *Tasmanian Marine Act 1976*. It is controlled by a Board of six locally elected Wardens, which operates independently from government.

Current operations

These include administration of the sea and airports at Devonport. The Authority controls the largest cold storage operation in Tasmania. Major trades are general cargo, petroleum products, wheat, paper pulp, gypsum, salt, tourist vehicles, cement, tallow, onions and other primary produce. Devonport is the home port for the Bass Strait passenger ferry the 'Spirit of Tasmania'. It should be noted that the Devonport Airport is excluded from all indicators.

Financial performance

The Port of Devonport Authority has achieved a record cargo throughput for the year with a total of 1.94 million mass tonnes passing across the Ports wharves (1994–95 1.72 million mass tonnes). This represents a 12.7 per cent increase over 1994–95. Attendant to this there were 493 ship visits for the year compared with 470 in 1994–95.

These results reflect a solid performance in the Bass Strait general cargo trade by both TT-Line and Coastal ExpressLine as well as growth and diversification in the Port's broad cargo base.

Coastal ExpressLine's new six days a week service to Melbourne has commenced following the establishment of Devonport as their Tasmanian headquarters and over \$2 million spent upgrading No. 2 East for the new operation.

In addition to this four consignments of fresh produce from local firms have been shipped to Japan and Korea this year, Goliath Cement have increased exports by 14.1 per cent following their multi million dollar plant expansion at Railton and shipments of imported fertiliser have grown from three in 1994–95 to ten this year. This increase follows the establishment of storage facilities by both Impact and Pivot Fertilisers in Devonport. Other major traders such as bulk fuels, pulp, gypsum and wheat are also showing growth potential.

With regard to the full years impact of the new CEL operation, increased fertiliser trade and the likely centralisation of wheat trade in Devonport, 1996–97 is expected to see a continuation of this positive growth in trade through the Port.

PORT OF DEVONPORT AUTHORITY (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
PORT AUTHORITY INDICATORS						
Financial Ratios						
Return on assets (1,2)	%	9.3	11.4	8.8	5.0	7.7
Return on operating assets (1,2)	%	9.5	12.6	9.8	4.7	8.2
Operating sales margin	%	33.3	31.0	25.5	11.8	19.5
Return on equity (3)	%	8.7	9.8	6.0	2.4	4.9
Dividend to equity ratio	%	0.0	0.0	0.0	0.0	0.0
Dividend payout ratio (3)	%	0.0	0.0	0.0	0.0	0.0
Debt to equity (1)	%	52.1	45.1	36.7	29.3	34.6
Total liabilities to equity	%	61.3	54.1	44.6	36.4	43.9
Current ratio	%	197.0	215.2	272.3	345.1	470.3
Interest cover (2)	%	263.6	359.9	340.3	233.7	431.7
Cost recovery ratio (4)	%	140.0	142.2	134.2	113.7	131.9
Operational performance (1,4)	%	7.6	10.7	9.8	4.8	10.2
Non-Financial Ratios						
<i>Economic Factors</i>						
Total factor productivity	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Economic rate of return	%	n.p.	n.p.	n.p.	n.p.	n.p.
<i>Efficiency</i>						
Port authority charges per unit of cargo	\$/MT	4.83	4.50	3.93	3.48	3.26
Port authority costs per unit of cargo	\$/MT	6.08	4.11	3.60	3.82	3.20
Total days lost:						
- industrial disputes	%	n.p.	n.p.	0.00	0.00	0.00
- sick leave	%	2.00	1.60	1.30	3.34	3.95
- industrial accidents	%	1.80	3.30	4.30	1.36	0.53
- total	%	n.p.	n.p.	5.60	4.70	4.48
<i>Effectiveness</i>						
RPI of port authority charges	Index	93.1	87.1	83.5	80.9	77.8
<i>Size</i>						
Total assets	\$M	25	27	27	26	29
Total revenue	\$M	8	9	9	9	9
Total employment	No	68	67	63	64	51

PORT OF DEVONPORT AUTHORITY (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
PORT INDICATORS						
Non-Financial Ratios						
<i>Effectiveness</i>						
Berth occupancy:						
- container terminal	%	n.p.	n.p.	n.p.	n.p.	n.p.
- other than at a container terminal	%	n.p.	n.p.	n.p.	n.p.	n.p.
- whole port	%	n.p.	n.p.	n.p.	n.p.	n.p.
<i>Service Quality</i>						
Average time at berth (median)	Hours	n.p.	n.p.	n.p.	n.p.	n.p.
Turnaround time:						
- container ships at container terminals:						
- - median	Hours	n.p.	n.p.	n.p.	n.p.	n.p.
- - 95 percentile	Hours	n.p.	n.p.	n.p.	n.p.	n.p.
- other:						
- - median	Hours	n.p.	n.p.	n.p.	n.p.	n.p.
- - 95 percentile	Hours	n.p.	n.p.	n.p.	n.p.	n.p.
Cargo processed/ship working time	MT/Hr	n.p.	n.p.	n.p.	n.p.	n.p.
Cargo processed/gross ship time	MT/Hr	n.p.	n.p.	n.p.	n.p.	n.p.
Stevedoring idle time	%	n.p.	n.p.	n.p.	n.p.	n.p.
Average delay time per ship due to industrial disputes	Hours	n.p.	n.p.	n.p.	n.p.	n.p.
<i>Size</i>						
Cargo handled:						
- non-containerised general cargo	'000 MT	n.p.	n.p.	n.p.	n.p.	n.p.
- bulk cargo	'000 MT	473	826	1 043	1 141	1 303
- all cargo	'000 MT	975	1 280	1 530	1 718	1 937
Number of containers handled	TEUs	31 700	37 573	40 555	46 649	54 450

PORT OF DEVONPORT AUTHORITY (continued)

NOTES TO INDICATORS FOR PORT OF DEVONPORT AUTHORITY

Key: n.p. - not provided; n.r. - not relevant.

- 1) Historical Cost
- 2) Included Abnormal Item, Special Payment to State Government \$408 000
- 3) Taxation Equivalent First Paid 30 June 1993
- 4) Special Payment to State Government

PORT OF LAUNCESTON AUTHORITY**Tasmania****Comments on own performance**

The Port of Launceston Authority (originally Marine Board of Launceston) was set up by an Act of Parliament in 1857. There has been no change to the PLA's corporate structure during the period under review.

Current operations

The PLA provides port infrastructure and services within its jurisdiction for shipping operators and cargo interests. The main functions are: provision and maintenance of wharves and shipping channels; pilotage; provision of stevedoring and cargo storage areas; including terminals, sheds, cold stores and roads, and hire of wharf cranes and other plant and equipment; 24 hour radio watch; and port emergency services. In addition, the PLA performs regulatory functions under the Marine Act. The PLA has also two ship repair facilities, which it leases out, and a small number of commercial rental properties.

Financial performance

An operating deficit before tax of \$438 416 was returned in 1995–96 compared to the operating surplus before tax of \$609 527 last year.

Redundancy payments of \$344 278 contributed to this result along with a downturn in trade.

A further loss is being forecast in the 1996–97 financial year but this situation is expected to turn around in the 1997–98 year with beginning of medium density fibreboard exports through the port from the new Starwood plant being constructed adjacent to the port.

Non-financial performance

The 1995–96 year was disappointing with a downturn in the woodchip trade and the cessation of the coastal general cargo service. These factors impacted on total port throughput with 3 589 478 mass tonnes of cargo being brought over the port berths, 17 percent down on last year.

The decision of the general cargo carrier, Coastal ExpressLine to terminate its Bell Bay service was a major setback to the port. The cessation of this service has created a substantial reduction in revenue to the PLA and to compensate for this a redundancy program was set in place along with other cost cutting measures. The redundancy program reduced the PLA workforce by 18 to a level of 46 employees.

PORT OF LAUNCESTON AUTHORITY (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
PORT AUTHORITY INDICATORS						
Financial Ratios						
Return on assets	%	4.1	4.1	3.3	3.6	1.9
Return on operating assets	%	4.0	4.0	3.3	3.4	1.5
Operating sales margin	%	22.6	16.8	16.3	15.7	7.5
Return on equity	%	2.0	1.9	1.5	1.5	- 1.4
Dividend to equity ratio	%	0.0	0.0	0.0	0.0	0.0
Dividend payout ratio	%	0.0	0.0	0.0	0.0	0.0
Debt to equity	%	30.2	29.4	36.1	43.2	51.3
Total liabilities to equity	%	34.4	39.8	47.7	56.8	62.4
Current ratio	%	344.5	215.7	232.3	276.5	217.9
Interest cover	%	154.4	213.2	184.8	163.3	66.8
Cost recovery ratio	%	129.3	113.2	119.5	118.6	113.2
Operational performance	%	4.0	2.5	3.3	3.4	2.3
Non-Financial Ratios						
Economic Factors						
Total factor productivity	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Economic rate of return	%	n.p.	n.p.	n.p.	n.p.	n.p.
Efficiency						
Port authority charges per unit of cargo	\$/MT	1.30	1.30	1.50	1.42	n.p.
Port authority costs per unit of cargo	\$/MT	0.70	0.30	1.76	1.66	n.p.
Total days lost:						
- industrial disputes	%	n.p.	n.p.	n.p.	n.p.	n.p.
- sick leave	%	n.p.	n.p.	1.40	1.00	0.77
- industrial accidents	%	n.p.	n.p.	1.00	1.58	0.91
- total	%	1.70	2.90	2.40	2.58	1.68
Effectiveness						
RPI of port authority charges	Index	93.5	90.4	88.9	84.3	81.1
Size						
Total assets	\$M	38	40	42	46	47
Total revenue	\$M	8	9	8	9	9
Total employment	No	65	61	58	60	47

PORT OF LAUNCESTON AUTHORITY (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
PORT INDICATORS						
Non-Financial Ratios						
<i>Effectiveness</i>						
Berth occupancy:						
- container terminal	%	n.p.	n.p.	18.3	11.9	n.p.
- other than at a container terminal	%	n.p.	n.p.	13.1	16.8	n.p.
- whole port	%	18.6	17.6	15.1	17.7	n.p.
<i>Service Quality</i>						
Average time at berth (median)	Hours	28	25	27	28	28
Turnaround time:						
- container ships at container terminals:						
- - median	Hours	n.p.	n.p.	n.p.	12	n.p.
- - 95 percentile	Hours	33	30	31	n.p.	n.p.
- other:						
- - median	Hours	n.p.	n.p.	n.p.	49	n.p.
- - 95 percentile	Hours	n.p.	n.p.	n.p.	n.p.	n.p.
Cargo processed/ship working time	MT/Hr	n.p.	n.p.	n.p.	n.p.	n.p.
Cargo processed/gross ship time	MT/Hr	338	371	308	310	n.p.
Stevedoring idle time	%	n.p.	n.p.	n.p.	n.p.	n.p.
Average delay time per ship due to industrial disputes	Hours	n.p.	n.p.	n.p.	n.p.	n.p.
<i>Size</i>						
Cargo handled:						
- non-containerised general cargo	'000 MT	0	0	0	0	0
- bulk cargo	'000 MT	2 804	2 920	3 108	3 818	3 115
- all cargo	'000 MT	3 296	3 462	3 655	4 309	3 589
Number of containers handled	TEUs	37 164	48 115	47 291	44 065	41 453

NOTES TO INDICATORS FOR PORT OF LAUNCESTON AUTHORITY

Key: n.p. - not provided; n.r. - not relevant.

PORT OF LAUNCESTON AUTHORITY (continued)

Units 1991-92 1992-93 1993-94 1994-95 1995-96

DARWIN PORT AUTHORITY**Northern Territory****Comments on own performance**

The Darwin Port Authority (DPA) is responsible for the control and management of land, waterways and facilities within the Port of Darwin. The Authority also facilitates marine associated activities as well as industrial and trade development in support of the Territory Government's economic objectives.

Current operations

The DPA provides facilities and services for both commercial and recreational users of the Port of Darwin. In particular, the Authority provides berthage facilities, pilotage and navigation services, cargo storage areas and sheds as well as common user mechanical equipment. It also leases land to enterprises with port related businesses. Facilities for entertainment and recreational purposes for residents and tourists are also provided by the Authority.

Financial performance

The DPA is continuing to realise the NT Government's objective of commercial viability without Government appropriations. 1995–96 marked the third successive year of full cost recovery with revenue from charges. Improvement is due to the higher revenue generated by a increase in cargo movement through the port and a 19 per cent increase in vessels using DPA facilities and/or requiring the services of a DPA pilot.

The accompanying financial indicators do not fully represent the sound financial position of the DPA, due to the large investment in new port facilities at East Arm (stage one due for completion December 1997) influencing indicators. Non inclusion of this investment shows the improving financial position of the DPA.

Non-financial performance

The real price index continued to decline in 1995–96 after the rise in 1993–94 due to movements in the fuel wharfage rates. DPA unit costs decreased by 5 per cent in 1995–96 to be at the lowest level on record.

The nature of cargo passing through DPA facilities continues to grow and diversify. Total cargo trade increased 21 per cent in 1995–96, with bulk cargo's share of total trade being at it's lowest level for the reporting period. A moderate increase in containerised cargo throughput is the result of a decline in empty container movement being offset by a 35 per cent increase in loaded container throughput.

DARWIN PORT AUTHORITY (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
PORT AUTHORITY INDICATORS						
Financial Ratios (1,2,3,4,5)						
Return on assets (6)	%	5.0	5.2	4.2	5.4	4.3
Return on operating assets (6)	%	4.9	5.2	4.2	5.3	4.2
Operating sales margin	%	23.0	24.4	18.6	22.8	20.7
Return on equity	%	1.8	2.3	1.2	4.1	4.5
Dividend to equity ratio	%	0.0	0.0	0.0	1.6	0.8
Dividend payout ratio	%	0.0	0.0	0.0	39.5	17.4
Debt to equity (7)	%	39.5	36.0	33.0	56.0	102.2
Total liabilities to equity (8)	%	42.8	39.0	35.6	59.2	104.9
Current ratio	%	91.3	99.4	174.4	199.3	256.5
Interest cover	%	133.8	146.7	126.4	203.7	232.8
Cost recovery ratio	%	110.0	113.3	123.1	129.5	126.1
Operational performance (9)	%	1.6	2.1	4.1	5.3	4.2
Non-Financial Ratios						
Economic Factors						
Total factor productivity	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Economic rate of return	%	n.p.	n.p.	n.p.	n.p.	n.p.
Efficiency						
Port authority charges per unit of cargo (10)	\$/MT	8.86	9.05	9.99	10.56	9.62
Port authority costs per unit of cargo	\$/MT	6.70	6.44	5.89	6.02	5.72
Total days lost:						
- industrial disputes	%	0.00	0.09	0.07	0.00	0.00
- sick leave	%	3.22	3.35	4.19	3.01	4.84
- industrial accidents	%	2.43	1.41	0.07	0.16	0.58
- total	%	5.65	4.85	4.33	3.18	5.43
Effectiveness						
RPI of port authority charges (11)	Index	98.6	97.3	109.5	106.5	102.2
Size						
Total assets (1)	\$M	42	42	42	50	67
Total revenue	\$M	9	9	9	10	11
Total employment	No	55	49	48	48	48

DARWIN PORT AUTHORITY (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
PORT INDICATORS						
Non-Financial Ratios						
<i>Effectiveness</i>						
Berth occupancy:						
- container terminal	%	n.r.	n.r.	n.r.	n.r.	n.r.
- other than at a container terminal	%	n.p.	n.p.	n.p.	n.p.	n.p.
- whole port	%	n.p.	n.p.	n.p.	n.p.	n.p.
<i>Service Quality</i>						
Average time at berth (median) (12)	Hours	21	16	n.p.	n.p.	n.p.
Turnaround time:						
- container ships at container terminals:						
- - median	Hours	n.r.	n.r.	n.r.	n.r.	n.r.
- - 95 percentile	Hours	n.r.	n.r.	n.r.	n.r.	n.r.
- other: (13)						
- - median	Hours	26	27	n.p.	n.p.	n.p.
- - 95 percentile	Hours	199	152	n.p.	n.p.	n.p.
Cargo processed/ship working time	MT/Hr	n.p.	n.p.	n.p.	n.p.	n.p.
Cargo processed/gross ship time	MT/Hr	71	70	n.p.	n.p.	n.p.
Stevedoring idle time	%	33	27	n.p.	n.p.	n.p.
Average delay time per ship due to industrial disputes	Hours	n.p.	n.p.	n.p.	n.p.	n.p.
<i>Size</i>						
Cargo handled:						
- non-containerised general cargo	'000 MT	115	90	142	146	220
- bulk cargo	'000 MT	553	565	570	650	735
- all cargo	'000 MT	695	675	737	828	1 002
Number of containers handled	TEUs	4 679	5 261	7 905	4 033	4 133

DARWIN PORT AUTHORITY (continued)

NOTES TO INDICATORS FOR DARWIN PORT AUTHORITY

Key: n.p. - not provided; n.r. - not relevant.

- 1) The bringing to account of investments in the new port facilities at East Arm has influenced many of the published financial indicators. The growth in total assets and total liabilities can be attributed to the East Arm investment. Accordingly, caution should be used in the interpretation of these indicators.
- 2) The data provided is based on audited financial data extracted from annual reports of the Darwin Port Authority (DPA). All DPA annual report financial statements comply with Australian Statements of Accounting Concepts and Australian Accounting Standards.
- 3) The Darwin Port Authority is a statutory corporation incorporated by legislation, and is only partially liable to taxes applicable to a fully commercial operation. The DPA is liable at standard commercial rates on payroll and fringe benefits taxes and is fully liable for stamp duties. Full exemptions from tax apply to corporate income taxes, sales and property taxes. The DPA will become fully liable for income and sales tax equivalents in the 1996–97 financial year.
- 4) Asset values used in the compilation of asset ratios are based on the historical cost convention. Assets such as property, plant and equipment are recorded at cost and depreciated using the straight line method of depreciation. DPA assets have not previously been revalued, however it is proposed that the DPA will revalue its major assets by June 30 1997.
- 5) The separate identification, valuing and funding of CSO's was undertaken for the first time in the 1996–97 financial year.
- 6) Non inclusion of investments in new port facilities at East Arm would increase both ratio's to over 6 per cent for 1995–96.
- 7) Funding of the construction of the East Arm Port has increased the Debt to Equity ratio substantially. The non inclusion of this investment would see the continued downward trend of the ratio to 29.9 per cent for 1994–95 and 27.3 per cent for 1995–96.
- 8) Non inclusion of the investment in new port facilities at East Arm would see the Total Liabilities to Equity ratio continued decline to 32.3 per cent for 1994–95 and 27.3 per cent for 1995–96.
- 9) Non inclusion of investments in the new port facilities at East Arm would see Operational Performance increase to 5.6 per cent.
- 10) The change in charges per unit of cargo between 1992–93 and 1994–95 was mainly due to movements in the fuel wharfage rate.

DARWIN PORT AUTHORITY (continued)

NOTES TO INDICATORS FOR DARWIN PORT AUTHORITY (continued)

- 11) Prices prior to and after 1993–94 have not been weighted in accordance with revenue earned, as in most cases percentage increases have been applied fairly consistently and hence there would be appear to be limited advantage in applying weighting. In 1993–94 a new wharfage rate for petroleum products resulted in an upward movement in the Real Price Index. Exclusion of petroleum products would result in a continuing decline in the index from 1991–92.
- 12) Reported average time at berth is the median value for the period. Time at berth is heavily influenced by vessel type and handling time, especially for containerised cargo where cellular vessels have inherently quicker cargo handling times. All container carrying vessels serviced in Darwin were non-cellular and care should be exercised when drawing comparisons with ports handling cellular vessels.
- 13) This indicator is heavily influenced by a large proportion of vessels visiting the Port of Darwin that spend ‘time awaiting orders’ while at berth. This is especially true of livestock carriers which accounted for 29 per cent and 44 per cent of cargo vessel visits in 1991–92 and 1992–93 respectively, recording time at berth of up to 513 hours.

7 OTHER COMMONWEALTH GTEs

Airservices Australia	401
ANL Limited	407
Australia Post	411
Federal Airports Corporation	415
Telstra	419

AIRSERVICES AUSTRALIA**Commonwealth****Comments on own performance**

Airservices Australia is a Government Business Enterprise (GBE) established by the *Air Services Act 1995* to provide air traffic services in the Australian Flight Information Region.

Prior to Airservices' formation on 6 July 1995, these services were provided by the Civil Aviation Authority and before this by the Department of Transport and Communication and its predecessors.

Services provided to the public and aviation industry by Airservices during 1995–96 included: airspace management, air traffic control, traffic and flight information, navigation services, aeronautical information, search and rescue and rescue and firefighting services.

Aviation industry activity was higher than expected in 1995–96. Flying operations by domestic and international airlines continued to exhibit steady growth and operational activity by the general aviation sector reversed the fall of the previous year and grew much more than expected during 1995–96. Consequently, Airservices' total operating revenue from services provided to all categories of user was \$13.7 million, or 2 per cent higher than planned.

Operating expenses were \$21.4 million, or 4 per cent more than planned, before bringing abnormal items to account. A reduction in independently determined asset values generated abnormal expenses of \$7.1 million and, together with tax expense of \$24.8 million, reduced the operating profit of \$49 million in 1995–96 to \$17 million after tax.

Airservices' first year of operation delivered safe and effective services to the organisation's customers. Major achievements during the year included: on-time achievement of all milestones for The Australian Advanced Air Traffic System project; a review of noise abatement procedures at a number of major cities; adoption of modified procedures in Sydney to minimise the environmental impact of aircraft noise; the introduction to Australian airspace of four International Civil Aviation Organisation airspace classifications; and, in conjunction with the Civil Aviation Safety Authority and the aviation industry, the introduction of the Global Positioning System as primary-means navigation for instrument flight rules aircraft in controlled airspace (an early application of the future satellite-based air traffic management system).

AIRSERVICES AUSTRALIA (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Financial Ratios (1 – 8)						
Return on assets	%	6.6	9.9	13.2	- 3.9	7.1
Return on operating assets	%	6.8	10.3	14.2	- 4.6	7.3
Operating sales margin	%	6.4	9.8	15.5	- 5.9	9.9
Return on equity	%	1.1	6.9	14.5	- 7.5	4.0
Dividend to equity ratio	%	1.2	4.9	7.3	0.0	2.4
Dividend payout ratio	%	109.1	71.4	50.0	0.0	59.9
Debt to equity	%	49.8	45.9	31.2	36.2	43.3
Total liabilities to equity	%	115.4	107.2	76.6	98.3	83.5
Current ratio	%	85.3	124.2	107.9	37.3	39.8
Interest cover	%	198.5	386.2	609.0	- 210.8	358.6
Cost recovery ratio	%	95.0	110.7	106.3	93.4	110.7
Operational performance	%	- 5.0	9.2	4.7	- 4.9	7.0
Non-financial Ratios (1)						
<i>Economic factors</i>						
Total factor productivity (9)	Index	150.7	184.2	186.2	212.9	200.5
Economic rate of return	%	n.p.	n.p.	n.p.	n.p.	7.9
<i>Size</i>						
Total assets (8)	\$M	712	653	781	835	794
Total revenue	\$M	747	670	590	582	580
Average employment (10)	No	6 370	5 149	4 847	4 845	4 513
<i>Effectiveness</i>						
Real price index (9)	Index	96.7	83.8	68.4	59.5	59.5
<i>Safety</i>						
Air traffic service incidents per 100 000 aircraft movements (17,18)	No	n.p.	3.50	4.10	6.90	10.87
Lost injury time per million employee hours (11)	1/Million	n.p.	41 176	49 708	20 608	15 060
Workers compensation cost in real terms per employee (12)	\$/Emp	512	429	405	349	516

AIRSERVICES AUSTRALIA (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>Service Quality</i>						
Number of airways facilities in service	No	3 687	3 411	3 298	3 329	3 238
Number of airways facilities failures	No	5 222	4 909	5 127	4 320	4 482
Average outage time (13)	Hours	11.10	7.20	9.10	6.90	6.30
Aircraft delays greater than 5 minutes: (15,16)						
- Sydney	%	n.p.	23.8	23.9	24.8	22.0
- Melbourne	%	n.p.	4.7	4.0	4.6	6.3
- Brisbane	%	n.p.	9.1	11.5	12.3	10.4
- Adelaide	%	n.p.	8.3	5.6	4.9	5.4
- Perth	%	n.p.	8.6	3.2	3.6	4.9
Average delay per movement: (15,17)						
- Sydney	Min	n.p.	3.3	3.3	3.5	3.1
- Melbourne	Min	n.p.	0.5	0.6	0.7	1.0
- Brisbane	Min	n.p.	1.9	2.0	2.1	1.9
- Adelaide	Min	n.p.	1.1	0.6	0.4	0.6
<i>Cost and Revenue Measures</i>						
Maintenance cost of national airways facilities	\$M	n.p.	51.8	47.1	50.4	53.0
Annual cost per aircraft (MTOW) tonne landed (14)	\$/Tonne	23.73	17.65	15.84	16.09	14.58
Annual cost per tonne kilometre flown (14)	\$/Tkm	0.015	0.011	0.009	0.010	0.008

NOTES TO INDICATORS FOR AIRSERVICES AUSTRALIA

Key: n.p. - not provided; n.r. - not relevant.

- 1) On 6 July 1995 the CAA was formed into two new entities, Airservices Australia and the Civil Aviation Safety Authority (CASA). At this time, the aviation safety regulation role and all associated costs were transferred from the CAA to CASA, with Airservices inheriting the remaining CAA functions.

Accordingly, the basis for calculation of Airservices' indicators has changed from that used to calculate the same indicators for the CAA. This constitutes a break in series for the data, which must be borne in mind when making comparisons with prior year CAA indicators.

AIRSERVICES AUSTRALIA (continued)

NOTES TO INDICATORS FOR AIRSERVICES AUSTRALIA (continued)

- 2) All financial indicators are based upon a shortened year from 6 July 1995 to 30 June 1996. This is due to the formation of Airservices Australia on 6 July 1995.
- 3) All financial data has been extracted from Airservices Australia's audited financial statements prepared using the accrual basis of accounting.
- 4) The financial statements are prepared in accordance with applicable accounting standards and Guidelines for Financial Statements of Commonwealth Authorities issued by the Minister for Finance.
- 5) Airservices Australia is not subject to Community Service Obligations (CSOs).
- 6) Airservices Australia (and its predecessor, the CAA) has been subject to Australian income tax at the prevailing company tax rate since 1 July 1991.
- 7) Airservices Australia (and its predecessor, the CAA) has been subject to State payroll tax and Australian Fringe Benefits Tax since inception.
- 8) Airservices Australia, as a new entity from 6 July 1995, had no accumulated asset revaluation reserves, and decreases in values for any class of assets were charged against profit. Increases for any class of assets were credited to a reserve for that asset class. The independently determined asset revaluation gave a net reduction of \$3.1 million in asset values, comprising increases of \$4.0 million for buildings, credited to balance sheet reserves, and \$7.1 million decreases for other assets which were charged as abnormal expenses. Airservices' assets were revalued as follows:

<i>Category of asset</i>	<i>Method of valuation</i>	<i>Date of revaluation</i>	<i>Impact of revaluation</i>
Land and Buildings	Market value	N/A	N/A
Assets used in operations and for which an active secondary market exists	Market value	N/A	N/A
Assets used in operations and for which an active secondary market is non-existent or inappropriate	Depreciated replacement cost	N/A	N/A
Assets with no usage value and/or which are surplus as at balance date	Net realisable value	N/A	N/A
All			-\$3.1million

- 9) Base year: 1989–90=100
- 10) The 1995–96 figure is averaged from the monthly FTE figures for January to June 1996.

AIRSERVICES AUSTRALIA (continued)

NOTES TO INDICATORS FOR AIRSERVICES AUSTRALIA (continued)

- 11) 1992–93 and 1993–94 data based upon sick days statistics. The figures from 1994–95 remove sick days and provide a more accurate representation of the indicator.
- 12) This indicator has been changed to reflect costs in real dollars.
- 13) The apparent trend reversal in this indicator for 1993–1994 is due to a change in the basis for analysis and does not indicate a reduction in serviceability achieved.
- 14) Data based upon a shortened year from 6 July 1995 to 30 June 1996, due to the formation of Airservices Australia on 6 July 1995.
- 15) Aircraft delay includes any delay experienced by operators from achieving nominated departure and arrival time. This measure does not differentiate between factors within or outside Airservices Australia’s control, such as weather conditions, airline cluster scheduling and airport ground infrastructure limitations.
- 16) Delays of less than 5 minutes are generally considered within the industry to be on-time.
- 17) One movement equals one departure or one arrival.
- 18) The increase in the number of incidents from the 1992–93 to 1995–96 is a reflection of a shift in emphasis in reporting. This indicator not only records instances of actual or potential breakdowns in separation, but also records all other deviations from standards and practices, even where there is no safety implication. This change is in line with the philosophy of measuring and assessing the health of the total system.

AIRSERVICES AUSTRALIA (continued)

NOTES TO INDICATORS FOR AIRSERVICES AUSTRALIA (continued)

ANL LIMITED**Commonwealth****Comments on own performance**

ANL's profitability has fluctuated over the reporting period. The drop in 1991–92 resulted from the recession, and the improved result in 1992–93 was driven by management focus on poorly performing businesses and a consequent increase in revenue quality. The significant drop in 1993–94 is mainly due to substantial abnormal items, and in particular a provision for restructure following the appointment of a new Board on 22 August 1994 with a mandate to restructure the company to improve its viability. Otherwise, the profitability ratios are consistent with the low returns associated with the maritime transport industry. The significant loss result in 1993–94 (which included abnormals of \$106 million) also gives rise to substantial changes in other ratios, notably a higher debt to equity ratio, with a much reduced equity base, lower interest cover, and increased total liabilities to equity, with the provision for restructure included in the liabilities figure. The 1994–95 result also includes significant abnormal items which compound these ratio movements. The operating loss in 1995–96 is lower than in the previous year, whilst a write-back to income in abnormals has resulted in an overall loss before tax for the year of \$5.9 million, an improvement of \$24.8 million.

Efficiency improvements have been experienced by ANL since 1988–89 to the present in the number of seagoing employees per vessel. These efficiency improvements have largely been the result of the introduction of new tonnage which employs state of the art technology combined with manning reductions as a result of the Shipping Industry Reform Authority and Waterfront Industry Reform Authority initiatives. The large increase in 1991–92 seagoing employees is due to the formation of ASP Ship Management, a partnership between ANL Limited and McIlwraith McEacharn. The large decrease in total employees in 1992–93 is due to the deconsolidation from the accounts of ANL's interest in stevedoring following the partial sale of ANL's share in National Terminals. ANL's remaining interest in terminals was sold in the 1993–94 financial year.

The decline in the number of shore-based staff in 1995–96 is the result of the substantial restructuring which commenced in January 1996.

The decline in revenue per vessel and per DWT from 1990–91 onwards is essentially due to changes in the company's investment holdings in businesses relating to terminals and coastal shipping.

ANL LIMITED (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Financial Ratios						
Return on assets	%	-2.0	4.0	-36.1	-8.9	0.6
Return on operating assets	%	-2.8	4.0	-42.2	-10.8	-0.1
Operating sales margin	%	-2.2	2.9	-30.2	-6.8	-0.1
Return on equity	%	-7.0	-4.8	-137.4	-300.0	66.0
Dividend to equity ratio	%	0.0	0.0	0.0	0.0	0.0
Dividend payout ratio	%	0.0	0.0	0.0	0.0	0.0
Debt to equity	%	54.6	46.0	344.4	-1 349.3	-647.8
Total liabilities to equity	%	141.4	123.4	1 108.8	-4 592.1	-2 064.2
Current ratio	%	64.2	79.1	44.6	51.3	51.9
Interest cover	%	-102.0	236.6	-2 252.4	-517.3	20.4
Cost recovery ratio	%	94.5	100.2	96.2	96.1	98.5
Operational performance	%	-7.1	0.2	-5.6	-6.4	-2.5
Non-financial Ratios						
<i>Economic factors</i>						
Total factor productivity	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Economic rate of return	%	n.p.	n.p.	n.p.	n.p.	n.p.
<i>Efficiency</i>						
Average real price	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Seagoing employees per vessel	Emp/Vess	51	49	46	40	40
TEUs per terminal employee	TEU/TEmp	495	n.r.	n.r.	n.r.	n.r.
Total bulk tonnes carried per bulk ship	Mill.Tonnes/ Vess	0.66	0.62	0.69	0.64	0.64
<i>Size</i>						
Total assets	\$M	404	352	317	259	236
Total revenue	\$M	592	461	405	406	354
Average number of employees						
- seagoing	Emp	1 521	1 465	1 298	1 208	1 190
- shorebased	Emp	647	556	515	480	364
- terminal	Emp	1 142	0	0	0	0
- total	Emp	3 310	2 021	1 813	1 688	1 554
Throughput (TEU)	TEU	565	n.r.	n.r.	n.r.	n.r.
Average number of vessels	No	14	14	13	12	12
Average number of DWT	'000 DWT	413	413	406	397	397
<i>Cost and Revenue Measures</i>						

ANL LIMITED (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Revenue per average number of						
- employees	\$'000/Emp	178.90	228.05	223.30	240.25	227.67
- vessels	\$'000/Vess	42 297	32 921	31 142	33 795	29 484
- DWT	\$'000/DWT	1 434	1 116	997	1 022	891
Profit per average number of employees	\$'000/Emp	-5.73	4.30	-71.11	-18.07	-3.80

NOTES TO INDICATORS FOR ANL LIMITED

Key: n.p. - not provided: n.r. - not relevant.

ANL LIMITED (continued)

<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
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AUSTRALIA POST

Commonwealth

Comments on own performance

Australia Post was created in 1975, following the separation of the Postmaster-General's Department into postal and telecommunications authorities. In 1989, it was corporatised as part of the Commonwealth Government Business Enterprise reform process.

The Corporation's principal function is to supply postal services within Australia and between Australia and overseas. Subsidiary functions are those related to postal services, and incidental additional activities are also allowed.

Australia Post has three main operations: letter delivery, parcel delivery and third party agency services (eg receiving bill payments for other companies). While Australia Post has a degree of statutory monopoly on letter delivery, it faces full direct private sector competition in its other operations. A community service obligation is inherent in the letter service, broadly as follows:

- Australia Post is to provide a letter service, charging a uniform price for standard letters carried within Australia by ordinary post; and
- standards of performance (including delivery) must reasonably meet the needs of the community, and the service must be reasonably accessible to all Australians.

All areas of performance — customer service, human relations, operational efficiency and financial results — have undergone strong, steady improvement as shown in the accompanying tables. The progressive introduction of Industrial Participation throughout the Corporation has been a key factor in this success. Cost control and improved labour productivity have underpinned Australia Post's improved financial performance. In this regard, it is noteworthy that the standard letter rate has been held at 45 cents since January 1992, and that the Corporation has now announced an extension of this price freeze at this level until June 1998.

During the period under review, Australia Post began a restructuring of the Corporation's balance sheet. A major initiative commenced in 1993–94 has included a \$400 million return of capital to the Government as shareholder, and an increase in gearing towards commercially normal levels. As part of this process, the Corporation sought, and has maintained, a Standard and Poor's AAA credit rating. Only a small number of Australian companies have this high rating, which is a strong endorsement of Australia Post's management performance and prospects.

AUSTRALIA POST (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Financial Ratios (1,2)						
Return on assets	%	11.6	11.5	13.6	16.8	17.6
Return on operating assets	%	12.4	13.1	16.4	19.8	20.0
Operating sales margin	%	9.5	8.7	9.9	11.9	12.5
Return on equity	%	12.5	12.8	20.2	28.3	27.3
Dividend to equity ratio	%	4.6	6.3	10.2	14.2	16.4
Dividend payout ratio	%	36.6	49.5	50.2	50.3	60.0
Debt to equity	%	4.2	4.5	29.3	34.0	36.1
Total liabilities to equity	%	100.6	106.4	144.3	157.7	154.4
Current ratio	%	86.0	84.8	98.9	90.4	76.4
Interest cover	%	6 839.3	8 736.3	5 534.7	1 944.8	1 693.1
Cost recovery ratio	%	107.4	110.6	112.1	113.3	113.4
Operational performance	%	9.0	14.4	17.7	19.4	18.7
Non-financial Ratios						
<i>Economic factors</i>						
Total factor productivity	Index	138.1	143.4	149.5	157.0	n.p.
Economic rate of return	%	n.p.	n.p.	n.p.	n.p.	n.p.
<i>Efficiency</i>						
Total days lost:						
- industrial disputes	%	0.00	0.00	0.00	0.00	0.00
- sick leave	%	n.p.	n.p.	n.p.	n.p.	n.p.
- industrial accidents	%	0.40	0.40	0.40	0.40	0.36
- total	%	n.p.	n.p.	n.p.	n.p.	n.p.
Labour productivity	Index	104.3	109.1	115.8	123.2	128.1
Mail volume rise	%	1.6	4.6	5.7	6.0	5.7
Delivery points rise	%	1.4	1.2	2.2	2.6	3.3
Articles handled per employee	'000	85	91	97	103	105
Delivery points per employee	No/Emp	185	193	199	203	206
<i>Effectiveness</i>						
Mail volume	Million	3 265	3 416	3 611	3 828	4 047
Real standard letter price	Index	101	102	100	97	93

AUSTRALIA POST (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>Service Quality</i>						
Articles delivered (3)						
- within advertised time	%	96	92	93	94	93
- within advertised time or one day later	%	100	98	98	99	99
Delivery standards						
- across town	Days	1	1	1	1	1
- major centres (intrastate)	Days	1-2	1-2	1-2	1-2	1-2
- major centres (interstate)	Days	2-3	2-3	2-3	2-3	2-3
- distant areas	Days	3-4	3-4	3-4	3-4	3-4
<i>Size</i>						
Total assets	\$M	2 047	1 951	2 023	2 217	2 239
Total revenue	\$M	2 310	2 421	2 568	2 788	2 944
Cost of CSOs (4)	\$M	52	46	62	65	72
Average number of						
- post offices	No	1 350	1 325	1 251	1 168	1 108
- post office agencies	No	2 993	2 953	2 859	2 806	2 847
- community mail agencies	No	201	231	297	357	390
Average number of						
- postage points	No	22 083	22 680	22 006	20 875	20 384
- delivery points	'000s	7 131	7 216	7 377	7 571	7 795
Average number of employees	No	38 627	37 423	37 146	37 245	38 519

NOTES TO INDICATORS FOR AUSTRALIA POST

Key: n.p. - not provided; n.r. - not relevant.

- 1a) Revaluation of the Corporation's assets is required at least once every three years in accordance with Department of Finance regulations. By agreement with that Department, revaluations are confined to land and buildings having regard to the nature and materiality of the Corporation's other asset classes. Valuations are carried out by independent valuers and are brought to account at the date of valuation.
- 1b) Buildings under construction at 30 June are carried at cost. Properties scheduled for disposal are valued at market value on the basis of highest and best use/vacant possession adjusted for estimated selling costs. These buildings are valued at 30 June.

AUSTRALIA POST (continued)

NOTES TO INDICATORS FOR AUSTRALIA POST (continued)

- 1c) Development Properties: this asset class comprises major properties considered to have the potential for development. Development properties are valued annually at market value on the basis of highest and best use/vacant possession.
- 1d) Special Purpose Properties: this class, established in 1993–94, comprises properties purpose-built to meet mail processing and network needs of the Corporation’s mail services. Special purpose properties will be valued every three years on the basis of market value existing use. The only valuation on this basis was carried out on 30 June 1994.
- 1e) General Properties: this class comprises other owned properties and improvements to leased properties. It includes post offices, administrative and operational support properties not included in other classes. Owned general properties are valued every three years on the basis of highest and best use/vacant possession, and were valued at 30 June 1994. Improvements to leased properties are carried at cost less depreciation.
- 2) Taxation: the Corporation became fully liable for sales tax in 1987–88, payroll tax in 1988–89, local government charges in 1989–90, and corporate income tax in 1990–91.
- 3) Delivery Performance: as from January 1993, Australia Post’s letter delivery performance has been assessed through an independent monthly end-to-end audit conducted by KPMG Peat Marwick, working with the Australian Bureau of Statistics. Data for 1991–92 are not compatible with those for the current system, but are shown as a matter of record.
- 4) Community Service Obligations: costing of the Corporation’s CSOs involves a methodology based on avoidable costs. The methodology assumes that a CSO involves ‘a government requirement to provide products or services to a community group at a price less than the cost of supplying them’. Under the avoidability approach, the cost of the CSO is the net cost avoided in the long run if the service were not supplied. Net cost is the cost avoided less the revenue lost. Calculated according to this methodology, the cost of Australia Post’s CSOs rose from \$52 million in 1991–92 to \$72 million in 1995–96. A new cost of capital was used to calculate CSO costs for 1993–94, 1994–95 and 1995–96.

FEDERAL AIRPORTS CORPORATION **Commonwealth****Comments on own performance**

The Corporation assumed control of 17 airports on 1 January 1988 and purchased an additional six airports in April 1989. One airport (Cambridge) has been sold. Operations include the management and development of existing Federal Airports and the provision of airport facilities. However, responsibilities exclude the provision of fire, search and rescue services, non-visual navigational aids, air traffic control and flight service.

Financial performance

The Corporation's \$1.8 billion capital works program approved to June 1996 created additional costs which will not be offset by additional revenues until future years. The 1990-91 reporting period was changed by legislation to a 15 month period to bring it in line with the financial year 1 July to 30 June. Figures have been adjusted to account for this. Financial indicators most relevant to the Corporation's performance are return on assets/operating assets, sales margin, return on equity, interest cover, and earnings before interest and tax, all of which show improving performance. On the other hand, debt related indicators reflect an increasing level of capital expenditure in line with the Corporation's capital works program.

Non-financial performance

The indicators used may not adequately measure the Corporation's efficiency. For example, measures based on aircraft movements, passenger numbers and tonnes landed are outside the control of the Corporation. Performance indicators over which the Corporation has some level of control, such as aeronautical and commercial revenue per employee, passengers per employee, movements per employee and real changes in aeronautical and commercial revenue, all reveal improving trends.

FEDERAL AIRPORTS CORPORATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Financial Ratios (1)						
Return on assets	%	8.1	7.4	7.4	8.4	8.4
Return on operating assets	%	8.1	7.5	7.9	8.7	8.5
Operating sales margin	%	37.5	34.6	34.8	36.9	36.9
Return on equity	%	3.0	1.9	2.9	5.3	4.7
Dividend to equity ratio	%	0.4	0.6	0.6	1.5	1.4
Dividend payout ratio	%	14.6	32.6	22.2	27.9	29.4
Debt to equity	%	55.3	64.3	67.2	58.7	38.7
Total liabilities to equity	%	66.5	74.4	77.8	71.4	47.2
Current ratio	%	123.1	110.9	115.4	76.7	132.2
Interest cover	%	242.7	215.6	190.4	283.2	325.6
Cost recovery ratio	%	159.9	157.1	154.3	161.0	162.3
Operational performance	%	8.1	7.8	8.0	8.9	8.8
Non-financial Ratios						
<i>Economic factors</i>						
Total factor productivity	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Economic rate of return	%	n.p.	n.p.	n.p.	n.p.	n.p.
<i>Efficiency</i>						
Passengers per average number of employees	Pass/Emp	31 465	34 271	39 422	45 043	49 523
Movements per average number of employees	Mov/Emp	2 056	2 220	2 447	2 584	2 642
Landed tonnes per movement	T/Mov	8.30	8.50	8.50	9.58	9.86
Change in movements	%	-2.10	4.70	2.30	0.03	1.89
Percentage change in landed tonnes	%	8.90	7.70	1.90	13.10	4.85
Real change in commercial revenue	Index	131.7	143.0	152.2	160.4	184.5
Real change in aeronautical revenue	Index	135.8	144.2	148.6	162.4	165.9
Total days lost:						
- industrial disputes	%	n.p.	n.p.	0.00	0.00	0.00
- sick leave	%	n.p.	n.p.	0.00	0.03	0.03
- industrial accidents	%	n.p.	n.p.	0.00	0.01	0.01
- total	%	0.33	0.33	0.16	0.04	0.04

FEDERAL AIRPORTS CORPORATION (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
<i>Effectiveness</i>						
Real Price Index						
- aeronautical services	Index	n.p.	n.p.	n.p.	n.p.	n.p.
- non aeronautical services	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Aircraft movements against total capacity:						
- Sydney	%	96.1	97.7	99.5	74.0	76.2
- Melbourne	%	63.3	67.5	67.1	73.2	75.5
- Brisbane	%	62.2	67.7	70.1	80.0	84.5
- Adelaide	%	46.2	48.7	39.4	42.4	44.4
- Perth	%	25.7	27.2	28.0	33.0	35.7
- Hobart	%	7.3	7.2	7.5	8.6	7.6
<i>Size</i>						
Total assets (1)	\$M	2 019	2 141	2 256	2 259	2 943
Total revenue	\$M	394	430	457	505	579
Average number of employees	No	1 408	1 366	1 268	1 201	1 197
Passengers						
- domestic	Million	35.2	35.7	38.5	42.0	45.9
- international	Million	9.2	11.1	11.5	11.4	12.7
- total	Million	44.0	47.0	50.0	54.1	58.6
Total aircraft movements	'000	2 897	3 033	3 103	3 104	3 162
Tonnes landed	Million	24.0	25.8	26.3	29.8	31.2
<i>Cost and Revenue Measures</i>						
Share of revenue						
- aeronautical	%	40.2	39.6	39.0	39.8	37.0
- commercial	%	58.1	58.8	59.8	60.2	63.0
Commercial revenue						
- per passenger	\$/Pass	5.16	5.39	5.47	5.63	6.16
- per employee	\$'000/Emp	162	185	216	253	305
Aeronautical revenue per average number of employees	\$'000/Emp	113	124	141	167	179

FEDERAL AIRPORTS CORPORATION (continued)

NOTES TO INDICATORS FOR FEDERAL AIRPORTS CORPORATION

Key: n.p. - not provided; n.r. - not relevant.

1) The Federal Airports Corporation revalued its assets as follows:

<i>Category of asset</i>	<i>Method of valuation</i>	<i>Date of revaluation</i>	<i>Impact of revaluation</i>
Land	Alternative use	30/6/1996	\$261 million
Buildings	Written down replacement value	30/6/1996	\$281 million
Runways, Taxiways and Aprons	Written down replacement value	30/6/1996	\$98 million

TELSTRA**Commonwealth****Comments on own performance**

Telstra Corporation Limited, created in April 1993, replaced the previous corporate identity of the Australian & Overseas Telecommunications Corporation Limited (AOTC). The corporation commenced trading in Australia as Telstra on 1 July 1995. Telstra continued to face substantial challenges in 1995–96 as competition intensified requiring better service to customers at lower prices, in a way that is commercially prudent and sustainable over time, including the provision of an expanding range of telecommunications products and services.

Current operations

Telstra's principal activity and that of the entities it controlled during the financial year was to provide telecommunications products and services. Telstra operates under a regulatory regime set up under the *Telecommunications Act 1991* and administered by the industry regulator, AUSTEL.

Financial performance

Despite increasing competitive pressures, Telstra's net profit before tax and abnormals increased by 9.1 per cent to \$3 242 million. Revenues increased by 8.2 per cent to \$15 239 million and expenses were contained to \$11 997 million reflecting a continuing demand for telecommunications services and improved levels of customer service. The Mobile Phone Service was a major contributor to sales revenue with demand at record levels. While expenses (before abnormals) were up by 8 per cent, much of this can be attributed to the higher depreciation charges and labour costs associated with high levels of capital works programs including the digitisation of our domestic network, installation of our fibre optic broadband network and expansion of our digital mobile network. Dividend to the Government was up by 44.9 per cent to \$1 368 million. The debt ratio was reduced to 30 per cent from 35 per cent in 1994–95 and interest cover increased to 7.5 times from 5.7 times in 1994–95.

Non-financial performance

During 1995–96, Telstra implemented a number of initiatives and passed several milestones in customer service. Achievements included the availability to all commercial customers and approximately half of residential customers of Telstra's new billing system Flexcab, large price cuts bringing particular benefits to STD callers, business customers and ISDN users, the continuation of the modernisation and upgrade of the Public Switched and Mobile Telephone Networks and the continued roll-out of the broadband cable network which had passed more than 1.2 million homes by the end of 1995–96.

TELSTRA (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Financial Ratios (1)						
Return on assets (2)	%	8.2	12.7	14.8	12.9	16.4
Return on operating assets (2)	%	8.0	13.1	15.3	13.3	17.3
Operating sales margin	%	14.3	22.4	24.0	19.9	25.4
Return on equity	%	3.2	8.7	15.8	15.6	18.9
Dividend to equity ratio	%	4.8	6.5	6.8	8.4	11.2
Dividend payout ratio	%	152.5	74.5	43.3	53.8	59.4
Debt to equity (3)	%	90.1	70.9	54.9	52.4	42.3
Total liabilities to equity	%	130.4	112.7	96.5	105.4	92.3
Current ratio	%	96.0	77.2	93.4	87.1	87.4
Interest cover	%	154.4	316.6	438.1	574.9	746.7
Cost recovery ratio	%	135.9	133.9	137.2	131.5	131.7
Operational performance	%	14.8	14.8	17.3	16.0	16.3
Non-financial Ratios						
<i>Economic factors</i>						
Total factor productivity	Index	n.p.	n.p.	n.p.	n.p.	n.p.
Economic rate of return	%	n.p.	n.p.	n.p.	n.p.	n.p.
<i>Efficiency</i>						
Telephone calls per average number of employees	No/Emp	151 969	171 762	196 202	190 177	213 540
Telephone services per average number of employees	No/Emp	107	119	133	132	126
Telephone calls per \$Million of fixed assets	No/\$M	698 825	727 270	843 354	799 356	882 276
Total days lost:						
- industrial disputes	%	n.p.	n.p.	n.p.	n.p.	n.p.
- sick leave	%	n.p.	n.p.	n.p.	n.p.	n.p.
- industrial accidents	%	n.p.	n.p.	n.p.	n.p.	n.p.
- total	%	5.90	5.30	4.70	4.20	4.62
<i>Effectiveness</i>						
Households with standard telephone service	%	n.p.	n.p.	n.p.	n.p.	n.p.
Real price index	Index	93.8	90.0	84.7	80.5	75.3
<i>Service Quality</i>						

TELSTRA (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Faults cleared						
- within 2 working days of notification	%	93	92	91	88	86
- within 3 working days of notification	%	97	96	96	94	92
Operator assisted services, percentage of calls answered:						
- directory assistance	%	87	90	83	88	84
- international operator assisted calls	%	89	83	89	97	95
- national operator assisted calls	%	91	89	84	89	88
- service difficulties and faults	%	90	86	93	92	90
Calls not answered due to network loss:						
- local calls	%	0.8	0.8	0.4	0.2	0.1
- STD calls	%	1.8	1.7	1.1	0.7	0.3
- mobile calls	%	2.3	1.7	1.1	0.9	0.6
- mobile calls prematurely disconnected	%	3.5	4.0	3.8	3.7	3.5
Average number of payphones operating:						
- external survey	%	91	90	94	n.r.	n.r.
- internal estimate	%	95	95	96	96	96
<i>Size</i>						
Total assets	\$M	22 824	23 160	21 139	24 083	24 362
Total revenue (1)	\$M	12 229	12 656	13 363	14 081	15 239
Average number of customer services with access to:						
- itemised IDD/0055 bills	%	72	77	84	94	99
- itemised STD bills	%	71	77	84	94	99
Telephone calls:						
- local	Million	9 364	n.p.	n.p.	n.p.	n.p.
- trunk	Million	1 938	n.p.	n.p.	n.p.	n.p.
- international	Million	120	n.p.	n.p.	n.p.	n.p.
- cellular mobile	Million	319	n.p.	n.p.	n.p.	n.p.
Average number of employees	No	77 255	71 736	66 641	68 532	74 242
New service connections	'000	483	511	563	582	598
Services in operation	'000	8 257	8 539	8 851	9 078	9 352

Cost and Revenue Measures

TELSTRA (continued)

	<i>Units</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
Profit as percentage of fixed assets	%	3.90	11.80	16.30	14.80	19.18
Revenue per employee	\$'000/Emp	158.30	176.40	200.50	205.50	205.26
Profit per employee	\$'000/Emp	8.50	27.80	37.90	35.10	46.43
Revenue as percentage of fixed assets:						
- nominal	%	72.8	74.7	86.2	86.4	84.8
- real	%	84.5	80.9	108.5	109.8	121.9
Return on assets (before CSOs)	%	n.p.	13.3	15.8	13.9	17.5
Return on equity (before CSOs)	%	n.p.	20.6	25.5	23.5	20.9

NOTES TO INDICATORS FOR TELSTRA

Key: n.p. - not provided; n.r. - not relevant.

- 1) The profit and loss data, financial ratios and cost and revenue measures for 1991-92 have been annualised where appropriate.
- 2) Telstra is required to provide the standard telephone service to everyone in Australia wherever they reside or carry on business. This universal service requirement involves considerable cost and a commercially oriented business would not provide such service. This requirement impacts adversely on Telstra's measured financial performance.
- 3) Debt to equity represents Gross Debt divided by Total Equity.

ATTACHMENTS

A ENTERPRISE LISTINGS

by Jurisdiction	425
by Industry classification	428

B DEFINITIONS OF FINANCIAL PERFORMANCE INDICATORS

Published financial performance indicators	431
Non-published financial performance indicators	432

C DEFINITIONS OF NON-FINANCIAL PERFORMANCE INDICATORS

Electricity	435
Gas	440
Water, sewerage, drainage and irrigation	443
Urban transport	448
Railways	451
Ports	455
Other Commonwealth	457

D UNITS OF QUANTITY USED IN PERFORMANCE INDICATORS

467

ATTACHMENT A ENTERPRISE LISTINGS

Table A.1 Participating enterprises, by jurisdiction

<i>GTE</i>	<i>Industry Classification</i>
New South Wales	
Delta Electricity	Electricity
Macquarie Generation	Electricity
Pacific Power	Electricity
TransGrid	Electricity
Advance Energy	Electricity
Australian Inland Energy	Electricity
EnergyAustralia	Electricity
Great Southern Energy	Electricity
Integral Energy	Electricity
NorthPower	Electricity
Gosford City Council (Water and Sewerage Department)	Water
Hunter Water Corporation	Water
Sydney Water Corporation	Water
Wyong Shire Council (Water Department)	Water
State Transit Authority	Urban Transport
State Rail Authority of NSW	Railways/Urban Transport
Newcastle Port Corporation	Port Authorities
Port Kembla Port Corporation	Port Authorities
Sydney Ports Corporation	Port Authorities
Victoria	
PowerNet	Electricity
Victorian Power Exchange	Electricity
Gas Transmission Corporation	Gas
GASCOR	Gas
Barwon Water	Water
City West Water	Water
Melbourne Water Corporation	Water
South East Water	Water
Yarra Valley Water	Water
Public Transport Corporation	Railways/Urban Transport
Melbourne Port Corporation	Port Authorities
Victorian Channels Authority	Port Authorities

Table A.1 Participating enterprises, by jurisdiction (continued)

<i>GTE</i>	<i>Industry Classification</i>
Queensland	
AUSTA Electric	Electricity
CAPELEC	Electricity
Queensland Transmission and Supply Corporation	Electricity
SEQEB	Electricity
Brisbane City Council (Water and Sewerage Department)	Water
Department of Natural Resources, State Water Projects	Water
Gold Coast Water	Water
Brisbane Transport	Urban Transport
Queensland Rail	Railways/Urban Transport
Gladstone Port Authority	Port Authorities
Port of Brisbane Authority	Port Authorities
South Australia	
ETSA Corporation	Electricity
South Australian Water Corporation	Water
TransAdelaide	Urban Transport
South Australian Ports Corporation	Port Authorities
Western Australia	
Western Power	Electricity
AlintaGas	Gas
Water Corporation	Water
MetroBus	Urban Transport
Westrail	Railways/Urban Transport
Fremantle Port Authority	Port Authorities
Tasmania	
Hydro-Electric Corporation	Electricity
Hobart Regional Water Board	Water
North West Regional Water Authority	Water
Rivers and Water Supply Commission, North Esk	Water
Metropolitan Transport Trust	Urban Transport
Burnie Port Authority	Port Authorities
Marine Board of Hobart	Port Authorities
Port of Devonport Authority	Port Authorities
Port of Launceston Authority	Port Authorities
Australian Capital Territory	
ACTEW Corporation	Electricity/Water
ACTION	Urban Transport

Table A.1 Participating enterprises, by jurisdiction (continued)

<i>GTE</i>	<i>Industry Classification</i>
Northern Territory	
Power and Water Authority	Electricity/Water
Darwin Port Authority	Port Authorities
Commonwealth	
Snowy Mountains Hydro-Electric Authority	Electricity
Australian National Railways Commission	Railways
National Railway Corporation	Railways
Airservices Australia	Other Commonwealth
ANL Limited	Other Commonwealth
Australia Post	Other Commonwealth
Federal Airports Corporation	Other Commonwealth
Telstra Corporation	Other Commonwealth

Table A.2 Participating enterprises, by industry classification

<i>GTE</i>	<i>Jurisdiction</i>
Electricity	
Delta Electricity	New South Wales
Macquarie Generation	New South Wales
Pacific Power	New South Wales
TransGrid	New South Wales
Advance Energy	New South Wales
Australian Inland Energy	New South Wales
EnergyAustralia	New South Wales
Great Southern Energy	New South Wales
Integral Energy	New South Wales
NorthPower	New South Wales
PowerNet	Victoria
Victorian Power Exchange	Victoria
AUSTA Electric	Queensland
CAPELEC	Queensland
Queensland Transmission and Supply Corporation	Queensland
SEQEB	Queensland
ETSA Corporation	South Australia
Western Power	Western Australia
Hydro-Electric Corporation	Tasmania
ACTEW Corporation ^a	Australian Capital Territory
Power and Water Authority ^a	Northern Territory
Snowy Mountains Hydro-Electric Authority	Commonwealth
Gas	
Gas Transmission Corporation	Victoria
GASCOR	Victoria
AlintaGas	Western Australia
Water	
Gosford City Council (Water and Sewerage Department)	New South Wales
Hunter Water Corporation	New South Wales
Sydney Water Corporation	New South Wales
Wyong Shire Council (Water Department)	New South Wales
Barwon Water	Victoria
City West Water	Victoria
Melbourne Water Corporation	Victoria
South East Water	Victoria
Yarra Valley Water	Victoria
Brisbane City Council (Water and Sewerage Department)	Queensland
Department of Natural Resources, State Water Projects	Queensland
Gold Coast Water	Queensland
South Australian Water Corporation	South Australia
Water Corporation	Western Australia

Table A.2 Participating enterprises, by industry classification (continued)

<i>GTE</i>	<i>Jurisdiction</i>
Water (continued)	
Hobart Regional Water Board	Tasmania
North West Regional Water Authority	Tasmania
Rivers and Water Supply Commission, North Esk	Tasmania
ACTEW Corporation ^a	Australian Capital Territory
Power and Water Authority ^a	Northern Territory
Urban Transport	
State Rail Authority of NSW ^a	New South Wales
State Transit Authority	New South Wales
Public Transport Corporation ^a	Victoria
Brisbane Transport	Queensland
Queensland Rail ^a	Queensland
TransAdelaide	South Australia
MetroBus	Western Australia
Westrail ^a	Western Australia
Metropolitan Transport Trust	Tasmania
ACTION	Australian Capital Territory
Rail	
State Rail Authority of NSW ^a	New South Wales
Public Transport Corporation ^a	Victoria
Queensland Rail ^a	Queensland
Westrail ^a	Western Australia
Australian National Railways Commission	Commonwealth
National Rail Corporation	Commonwealth
Port Authorities	
Newcastle Port Corporation	New South Wales
Port Kembla Port Corporation	New South Wales
Sydney Port Corporation	New South Wales
Melbourne Port Corporation	Victoria
Victorian Channels Authority	Victoria
Gladstone Port Authority	Queensland
Port of Brisbane Authority	Queensland
South Australian Ports Corporation	South Australia
Fremantle Port Authority	Western Australia
Burnie Port Authority	Tasmania
Marine Board of Hobart	Tasmania
Port of Devonport Authority	Tasmania
Port of Launceston Authority	Tasmania
Darwin Port Authority	Northern Territory

Table A.2 Participating enterprises, by industry classification (continued)

<i>GTE</i>	<i>Jurisdiction</i>
Other Commonwealth	
Airservices Australia	Commonwealth
ANL Limited	Commonwealth
Australia Post	Commonwealth
Federal Airports Corporation	Commonwealth
Telstra Corporation	Commonwealth

a Also undertakes activities classified within another industry.

ATTACHMENT B DEFINITIONS OF FINANCIAL PERFORMANCE INDICATORS

Table B.1 Published financial performance indicators (per cent)

<i>Code</i>	<i>Ratio</i>	<i>Definition</i>
B.01	Return on assets B.16 / B.19	$\frac{\text{Earnings before interest \& tax and after abnormals (EBIT)}}{\text{Average total assets}}$
B.02	Return on operating assets B.17 / B.20	$\frac{\text{EBIT - investment income}}{\text{Average total assets - average financial assets}}$
B.03	Operating sales margin B.17 / (B.14 - B.33)	$\frac{\text{EBIT - investment income}}{\text{Total revenue - investment income}}$
B.04	Return on equity (B.15 - B.31) / B.34	$\frac{\text{Operating profit after income tax}}{\text{Average total equity}}$
B.05	Dividend to equity ratio B.18 / B.34	$\frac{\text{Dividends paid or provided for}}{\text{Average total equity}}$
B.06	Dividend payout ratio B.18 / (B.15 - B.31)	$\frac{\text{Dividends paid or provided for}}{\text{Operating profit after tax}}$
B.07	Debt to equity B.27 / B.26	$\frac{\text{Debt}}{\text{Total equity}}$
B.08	Total liabilities to equity B.22 / B.26	$\frac{\text{Total liabilities}}{\text{Total equity}}$
B.09	Current ratio B.21 / B.23	$\frac{\text{Current assets}}{\text{Current liabilities}}$
B.10	Interest cover B.16 / B.28	$\frac{\text{EBIT}}{\text{Gross interest expense}}$
B.11	Cost recovery ratio B.24 / B.36	$\frac{\text{Revenue from operations}}{\text{Expenses from operations}}$
B.12	Operational performance (B.24 - B.36) / B.20	$\frac{\text{Revenue from operations - expenses from operations}}{\text{Average total assets - average financial assets}}$

Table B.2 Non-published financial performance indicators (\$'000)

<i>Code</i>	<i>Ratio</i>	<i>Definition</i>
B.13	Total Assets	The service potential or future economic benefits, controlled by the entity as a result of past transactions or other events (measured at the end of the reporting period).
B.14	Total Revenue	Includes revenue from sales and levies, revenue from asset sales, investment income, receipts from governments for specific agreed services (eg community service obligations), other revenue from operations, receipts from governments to cover deficits on operations and abnormal revenue. Excludes funds received for specific capital works from governments or other parties, and equity contributions from governments.
B.15	Operating profit before income tax B.14 - B.25	Total revenue less total expenses. Includes abnormal items.
B.16	Earnings before interest and tax (EBIT) B.15 + B.28	Operating profit before income tax plus gross interest expense.
B.17	EBIT from operations B.16 - B.33	Operating profit before income tax plus gross interest expense less investment income.
B.18	Dividends paid or provided for	The amount included in the profit and loss statement for dividends. Includes normal and special dividends and statutory levies on profits and revenues. Excludes returns of capital.
B.19	Average total assets	Average of the value of assets at the beginning and end of the reporting period.
B.20	Operating assets B.19 - B.38	Average total assets less average financial assets.
B.21	Current assets	Cash and other assets that would, in the ordinary course of operations, be available for conversion into cash within 12 months after the end of the reporting period.

Table B.2 Non-published financial performance indicators (\$'000) (cont.)

<i>Code</i>	<i>Ratio</i>	<i>Definition</i>
B.22	Total liabilities	The future sacrifice of service potential or future economic benefits that the entity is obliged to make to other entities as a result of past transactions or other events (measured as at the end of the reporting period). Includes provisions for employee entitlements, creditors, deferred revenue, all repayable borrowings, interest bearing non-repayable borrowings and redeemable preference shares.
B.23	Current liabilities	Liabilities that would, in the ordinary course of operations, be due and payable within 12 months after the end of the reporting period.
B.24	Revenue from operations B.14 - B.29 - B.33 - B.35	Total revenue less abnormal revenue, investment income and receipts from governments to cover deficits on operations.
B.25	Total Expenses	Includes salaries and wages, purchases, interest, bad and doubtful debts, material losses from the sale of non-current assets, charges for depreciation, amortisation or diminution in value of assets and abnormal expenses.
B.26	Total equity B13 - B.22	Total assets less total liabilities.
B.27	Debt	Includes all repayable borrowings (both interest bearing and non-interest bearing), interest bearing non-repayable borrowings, redeemable preference shares and finance leases. Excludes creditors and provisions (but not offsetting assets such as contributions to sinking funds).
B.28	Gross interest expense	Amount charged to the profit and loss account. Includes finance charges on finance leases and all debt related financial expenses.
B.29	Abnormal revenue	Revenues included in operating profit (or loss) after income tax which are considered abnormal by reason of their size and effect on the operating result. Abnormal revenue differs from extraordinary revenue in that extraordinary revenue is attributable to events or transactions of a type that are outside the ordinary operations of the entity and are not of a recurring nature.
B.30	Abnormal expenses	Same as description for B.29, except for expenses.
B.31	Income tax	Income tax expense, or income tax equivalent expense, on operating profit before tax (including abnormal items) calculated using tax effect accounting (AAS3).

Table B.2 Non-published financial performance indicators (\$'000) (cont.)

<i>Code</i>	<i>Ratio</i>	<i>Definition</i>
B.32	Financial assets	Includes cash, bank deposits, negotiable securities, promissory notes, bank accepted bills, certificates of deposits, shares and other assets of a like nature which generate income in the form of interest, dividends or equity income. Excludes trade and other debtors.
B.33	Investment income	Income received and receivable on financial assets.
B.34	Average total equity	Average of total equity at the beginning and end of the reporting period.
B.35	Receipts from Government to cover deficits on operations	Receipts from Government to cover deficits on operations, but excludes receipts from governments for specific agreed services (for example, community service obligations).
B.36	Expenses from operations B.25 - B.30 - B.28	Total expenses less abnormal expenses and gross interest expense.
B.37	Capital contributions	Revenue or deferred revenue from customers for capital works which become GTE assets.
B.38	Average financial assets	Average of financial assets at the beginning and end of the reporting period.

ATTACHMENT C NON-FINANCIAL PERFORMANCE INDICATORS

Table C.1 Non-financial performance indicators: Electricity

<i>Indicator</i>	<i>Units</i>	<i>Definition</i>
GENERAL		
<i>Economic Factors</i>		
Total factor productivity	Index	Refer to: Steering Committee on National Performance Monitoring of Government Trading Enterprises (July 1992) <i>Measuring Total Factor Productivity of Government Trading Enterprises</i> .
Economic rate of return	%	Refer to: Steering Committee on National Performance Monitoring of Government Trading Enterprises (July 1992) <i>An Economic Framework for Assessing the Financial Performance of Government Trading Enterprises</i> .
<i>Efficiency</i>		
Total days lost	%	$\frac{\text{Total days lost} * 100}{\text{Total days worked}}$
<i>Effectiveness</i>		
Percentage price change	%	Annual percentage change in nominal average price.
Real price index	Index	Base year 1989-90 = 100 unless otherwise stated.
<i>Size</i>		
System maximum demand	MW	
Average total employment	No	The average of full time equivalent staff at the beginning and end of the reporting period unless otherwise stated.
Service area	Sq km	
<i>Safety</i>		
Lost time injury frequency rate	No/Mil.Hrs	$\frac{\text{Incidents}}{\text{Hours worked (million)}}$

Table C.1 Non-financial performance indicators: Electricity (continued)

<i>Indicator</i>	<i>Units</i>	<i>Definition</i>
GENERATION		
Efficiency		
Load factor	%	$\frac{\text{Annual generation (MWh)} * 100}{\text{Peak generated load (MW)} * \text{Period hours (8760)}}$
Capacity factor	%	$\frac{\text{Annual generation (MWh)} * 100}{\text{Installed plant capacity (MW)} * \text{Period hours (8760)}}$
Reserve Plant Margin	%	$\frac{\{\text{Installed plant capacity (MW)} - \text{Peak demand (MW)}\} * 100}{\text{Peak demand (MW)}}$
Equivalent available factor	%	$\frac{[\{\text{Installed plant capacity (MW)} * \text{Period hours (8760)}\} - \text{MWh Losses}] * 100}{\text{Installed capacity (MW)} * \text{Period hours (8760)}}$
Labour productivity (excluding construction and mine emp)	GWh/Emp	$\frac{\text{Electricity generated (GWh)}}{\text{Average number of generation employees}}$
Thermal efficiency	%	$\frac{\text{Electrical energy generated in period}}{\text{Combustible energy consumed}}$
Service Quality		
Equivalent forced outage factor	%	$\frac{\text{MWh out of service due to forced outage} * 100}{\text{Installed plant capacity (MW)} * \text{Period hours (8760)}}$
Planned outage factor	%	$\frac{\text{MWh out of service due to planned outage} * 100}{\text{Installed plant capacity (MW)} * \text{Period hours (8760)}}$
Size		
Total physical output generated	GWh	
Generating plant capacity	MW	
Changes in generating plant capacity	MW	

Table C.1 Non-financial performance indicators: Electricity (continued)

<i>Indicator</i>	<i>Units</i>	<i>Definition</i>
<i>GENERATION (continued)</i>		
<i>Cost & Revenue Measures</i>		
Operation and maintenance costs	\$/MWh	$\frac{\text{Total operation and maintenance costs}}{\text{Electricity sent out to grid (MWh)}}$
<i>Environmental Indicators</i>		
CO ₂ emissions	kg/MWh	$\frac{\text{CO}_2 \text{ emitted (kg)}}{\text{Annual generation (MWh)}}$
Particulate emissions	kg/MWh	$\frac{\text{Particulants emitted (kg)}}{\text{Annual generation (MWh)}}$
NO _x emissions	kg/MWh	$\frac{\text{NO}_x \text{ emitted (kg)}}{\text{Annual generation (MWh)}}$
<i>TRANSMISSION</i>		
<i>Efficiency</i>		
Transmission system reliability	1/Mill	$\frac{\text{Total energy not supplied}}{\text{System maximum demand}}$
Transmission labour productivity	GWh/Emp	$\frac{\text{Electricity sold to distribution system (GWh)}}{\text{Number of transmission employees (FTE)}}$
Transmission equipment utilisation factor	Ratio	$\frac{\text{Annual energy bulk sales in period (MWh)}}{\text{Aggregate transformer capacity (MVA)} \times \text{Hours in period (8760)}}$
Transmission losses	%	$\frac{(\text{Electricity sent out} - \text{Electricity received by distribution network}) \times 100}{\text{Electricity sent out}}$
<i>Size</i>		
Transmission transformer capacity	MVA	
Transmission circuit kilometres	km	

Table C.1 Non-financial performance indicators: Electricity (continued)

<i>Indicator</i>	<i>Units</i>	<i>Definition</i>
TRANSMISSION (continued)		
Cost & Revenue Measures		
Operation and maintenance costs - per circuit km		$\frac{\text{Transmission operation and maintenance costs}}{\text{Total length of transmission line}}$
Operation and maintenance costs - per MWh sold		$\frac{\text{Transmission operation and maintenance costs}}{\text{Total energy sold}}$
DISTRIBUTION		
Efficiency		
Distribution labour productivity	Cus/emp	$\frac{\text{Average total number of customers}}{\text{Average number of employees in distribution and consumer services}}$
Distribution equipment utilisation factor	Ratio	$\frac{\text{Annual energy sales in period at 415v (MWh)}}{\text{Distribution transformer capacity (MVA)} \times \text{Hours in period}}$
Sub-transmission equipment utilisation factor	Ratio	$\frac{\text{Energy sold at zone substation transformer secondary voltage (MWh)}}{\text{Zone substation transformer capacity (MVA)} \times \text{Hours in period}}$
Distribution losses	%	$\frac{\text{Electricity purchased (MWh)} - \text{Electricity sold (MWh)}}{\text{Electricity purchased (MWh)}}$
Service Quality		
Outage response time factor	Mins	$\frac{\text{Total number of customer minutes interrupted}}{\text{Total number of customer interruptions}}$
System average outage frequency factor	No/Cus	$\frac{\text{Total number of customer interruptions}}{\text{Average total number of customers}}$
Loss of supply factor	Min/Cus	$\frac{\text{Total number of customer minutes interrupted}}{\text{Average total number of customers}}$

Table C.1 Non-financial performance indicators: Electricity (continued)

<i>Indicator</i>	<i>Units</i>	<i>Definition</i>
<i>DISTRIBUTION (continued)</i>		
<i>Size</i>		
Total number of customers	'000	
Total physical output	GWh	
Distribution transformer capacity	MVA	
Distribution circuit kilometres	km	
Customer Density:		
- Customers per distribution circuit kilometre	Cus/km	$\frac{\text{Average number of customers}}{\text{Distribution circuit kilometres}}$
- Sales (MWh) per circuit kilometre	MWh/km	$\frac{\text{Total energy sold in period (MWh)}}{\text{Distribution circuit kilometres}}$
<i>Cost & Revenue Measures</i>		
Average price of product	\$/MWh	$\frac{\text{Total revenue from customer group}}{\text{Total sales to customer group (MWh)}}$
Operation and maintenance costs:		
- per circuit km	\$/km	$\frac{\text{Distribution operation and maintenance costs}}{\text{Total circuit kilometres}}$
- per MWh sold	\$/MWh	$\frac{\text{Distribution operation and maintenance costs}}{\text{Total electricity sold (MWh)}}$

Table C.2 Non-financial performance indicators: Gas

<i>Indicator</i>	<i>Units</i>	<i>Definition</i>
GENERAL		
<i>Economic Factors</i>		
Total factor productivity	Index	Refer to: Steering Committee on National Performance Monitoring of Government Trading Enterprises (July 1992) <i>Measuring Total Factor Productivity of Government Trading Enterprises</i> .
Economic rate of return	%	Refer to: Steering Committee on National Performance Monitoring of Government Trading Enterprises (July 1992) <i>An Economic Framework for Assessing the Financial Performance of Government Trading Enterprises</i> .
<i>Efficiency</i>		
Load factor	%	$\frac{\text{Gas sales in accounting year} * 100}{\text{Peak demand in period (TJ / day)} * (\text{Period days})}$
Energy delivered per employee	TJ/Emp	$\frac{\text{Total energy delivered (TJ)}}{\text{Average total employment (FTE)}}$ Where a GTE is active in both transmission and distribution, staff are identified as either transmission, distribution or corporate and headquarters staff.
Total days lost	%	$\frac{\text{Total days lost} * 100}{\text{Days worked during reporting period}}$
<i>Effectiveness</i>		
Real price index	Index	$\frac{\text{Current year average selling price index} * 100}{\text{Current year local State Capital CPI index}}$ Average selling price equals the total of prices for individual services weighted by their contribution to total revenue.
Kilometres of main per employee	km/Emp	$\frac{\text{Total kilometres of distribution mains operated}}{\text{Average total employment (FTE)}}$
Methane loss between entry and exit points	%	

Table C.2 Non-financial performance indicators: Gas (continued)

<i>Indicator</i>	<i>Units</i>	<i>Definition</i>
GENERAL (continued)		
<i>Size</i>		
Average total employment	Emp	The average of full time equivalent staff at the beginning and end of the reporting period unless otherwise stated.
Gas storage facilities maintained	000m ³	
Total km of mains operated	km	
Cost & Revenue Measures		
Operation & maintenance unit costs per GJ delivered	\$/GJ	$\frac{\text{Operating and Maintenance costs}}{\text{Total energy transported in period}}$
Operation & maintenance unit costs per GJ sold	\$/GJ	$\frac{\text{Operating and Maintenance costs}}{\text{Total gas sales in period}}$
Safety		
Lost time injury frequency rate	No. per mill. hrs	$\frac{\text{Incidents}}{\text{Hours worked (million)}}$
TRANSMISSION		
Efficiency		
Additional demand capacity	%	$\frac{\text{Peak day delivered energy} * 100}{\text{Peak day pipeline capacity}}$
Size		
Compressor stations operated	No	
Peak day delivery	TJ/Day	Maximum energy delivered during accounting period
Total kilometres of pipeline operated	km	

Table C.2 Non-financial performance indicators: Gas (continued)

<i>Indicator</i>	<i>Units</i>	<i>Definition</i>
<i>DISTRIBUTION</i>		
<i>Efficiency</i>		
Customers per employee	Cus/Emp	$\frac{\text{Average number of customers}}{\text{Average total employment (FTE)}}$
Gas sales per employee	TJ/Emp	$\frac{\text{Total gas sales (TJ)}}{\text{Average total employment (FTE)}}$
Reliability:		
- unplanned customer interruptions per 1000 customers	1/1000	
- length of customer interruptions	Sec/Cus	Calls answered within twenty seconds and the number of calls abandoned.
Telephone response times	%	
<i>Effectiveness</i>		
Customers per kilometre of main	Cus/km	$\frac{\text{Average number of customers}}{\text{Total km of distribution mains operated}}$
Gas sold per kilometre of main	TJ/km	$\frac{\text{Gas sold (TJ)}}{\text{Total km of distribution mains operated}}$
Unaccounted for gas	%	$\frac{\text{Gas entering system (GJ)} - \text{Gas billings (GJ)} - \text{Utility gas use (GJ)}}{\text{Gas entering system (GJ)}}$
<i>Size</i>		
Total customers	No	
Peak day delivery	TJ/Day	Maximum energy delivered during accounting period
Total gas sales:	\$M	
<i>Cost and Revenue Measures</i>		
Average price of product	\$/GJ	$\frac{\text{Total revenue from customer class} * 100}{\text{Total energy sales to customer class}}$
Operating and maintenance costs per customer	\$/Cus	

Table C.3 Non-financial performance indicators:
Water, sewerage, drainage and irrigation

<i>Indicator</i>	<i>Units</i>	<i>Definition</i>
<i>Economic Factors</i>		
Total factor productivity	Index	Refer to: Steering Committee on National Performance Monitoring of Government Trading Enterprises (July 1992) <i>Measuring Total Factor Productivity of Government Trading Enterprises</i> .
Economic rate of return	%	Refer to: Steering Committee on National Performance Monitoring of Government Trading Enterprises (July 1992) <i>An Economic Framework for Assessing the Financial Performance of Government Trading Enterprises</i> .
<i>Efficiency</i>		
System water loss	%	$\frac{\{\text{Master meter volumes} - \text{consumer volumes (including non-metered consumption)}\} * 100}{\text{Master meter volume}}$ The master meters measure is the volume of water flowing from main storages into reticulation systems.
OMA cost per 100km of main	\$'000/ 100km	$\frac{\text{Total operations, maintenance and admin. costs} * 100}{\text{Kilometers of mains employed}}$ OMA costs are defined as for ARMCANZ studies.
Employees per 1000 properties served	Emp/ '000Prop	$\frac{\text{Average number of FTE employees engaged in provision of service} * 1000}{\text{Number of properties receiving specified service}}$
Total days lost	%	$\frac{\text{Total days lost} * 100}{\text{Total days worked}}$

Table C.3 Non-financial performance indicators:
Water, sewerage, drainage and irrigation (continued)

<i>Indicator</i>	<i>Units</i>	<i>Definition</i>
<i>Effectiveness</i>		
Real price index	Index	$\frac{\text{Current year average selling price index} * 100}{\text{Current year local State Capital CPI index}}$ <p>The average selling price equals the total of prices for individual services weighted by their contribution to total revenue.</p>
Properties served per km of main	No/km	$\frac{\text{Number of properties receiving specified service}}{\text{Kilometres of mains employed}}$
Unsewered properties (% of total properties)	%	$\frac{(\text{No. of properties receiving water services} - \text{No. of properties receiving sewerage services}) * 100}{\text{No. of properties receiving water services}}$
Flooding incidents per 100 km of main (sewers)	No/100km	$\frac{\text{Total number of confirmed sewage overflows} * 100}{\text{Kilometres of sewerage mains}}$ <p>Flooding incidents are confirmed sewerage overflows from any water agency assets and burst rising mains. Not included are overflows occasioned by the malfunction of internal drains.</p>
<i>Service Quality</i>		
Compliance with water quality standards	%	$\frac{\text{Number of samples meeting NHMRC \& AWRC Guidelines} * 100}{\text{Total number of samples}}$ <p>The performance measure is the percentage of samples meeting the guidelines with respect to both microbiological and compliance for pH, colour and turbidity measures.</p>

Table C.3 Non-financial performance indicators:
Water, sewerage, drainage and irrigation (continued)

<i>Indicator</i>	<i>Units</i>	<i>Definition</i>
<i>Service Quality (continued)</i>		
Compliance with sewerage effluent standards	%	$\frac{\text{Number of samples complying with licensing agreements} * 100}{\text{Total number of samples}}$ Licensing agreements refers to existing State or Territory based licensing agreements.
Water restrictions	%	$\frac{\text{Number of properties affected} * \text{Days of restrictions} * 100}{\text{Total number of properties served} * 365}$
Properties with service interruption (water)	%	$\frac{\text{Number of properties that experienced a service interruption} * 100}{\text{Total properties receiving water}}$
Average interruption duration (water)	Hr	Average time taken in hours to restore an interrupted service.
Service restored within 5 hours (water)	%	$\frac{\text{Number of chokes for which a resumption of service is achieved within 5 hours} * 100}{\text{Total number of chokes}}$ Chokes are confirmed partial or total blockages occasioning an interruption to service. The number does not include any blockages that occur in the service connection of internal drains.
Customer satisfaction results	%	$\frac{\text{Number of positive survey returns} * 100}{\text{Total number of survey returns}}$
Main breaks per 100 km (water)	No/100km	$\frac{\text{Total number of main breaks} * 100}{\text{Kilometres of water mains}}$ Main bursts includes bursts and leaks. Leaks include main faults that can be fixed without shutting down the main.
Sewer chokes per 100 km	No/100km	$\frac{\text{Total number of confirmed chokes} * 100}{\text{Kilometres of sewer mains}}$ Chokes are confirmed partial or total blockages occasioning an interruption to service. The number does not include any blockages that occur in the service connection of internal drains.

**Table C.3 Non-financial performance indicators:
Water, sewerage, drainage and irrigation (continued)**

<i>Indicator</i>	<i>Units</i>	<i>Definition</i>
Size		
Total employment	Emp	The average of full time equivalent staff at the beginning and end of the reporting period unless otherwise stated.
Pipeline length	km	The length of each type of main, including all reticulation, distribution and trunk mains operated by the agency
Properties served	'000	
New housing allotments served	No	The number of new domestic water services installed within the financial year
Megalitres of water supplied	'000MI	The volume of water from all sources measured via the master meters
Volume of sewage treated	'000MI	Total volume of sewerage treated by the agency
Sewage treatment ratios:		
- primary	%	Involves comminution, maceration, grit and detritus removal, preparation and grease removal, primary sedimentation, including where assisted by the addition of chemicals.
- secondary	%	Involves activated sludge treatment (diffuse air aeration, coarse bubble aeration, mechanical aeration, oxygen injection and submerged filters, deep shaft process) and biological treatment (rotating biological contractors and biological filtration).
- tertiary	%	Refers to a secondary activated or biological sludge where the sewage is subsequently passed through grass plots, sand filters, microstrainers, tertiary nitrifying filters and all facilities for the removal of ammonia and phosphates.

Table C.3 Non-financial performance indicators:
Water, sewerage, drainage and irrigation (continued)

<i>Indicator</i>	<i>Units</i>	<i>Definition</i>
<i>Cost & Revenue Measures</i>		
Average revenue received per property	\$/Prop	$\frac{\text{Total revenue received for service provision}}{\text{Total number of properties served}}$ Total revenue includes revenue from base charges and consumption charges only.
Average revenue per kl	\$/kl	$\frac{\text{Total revenue received from customer group}}{\text{Water consumption attributed to group}}$ Total revenue consists of base rates and charges plus consumption charges.
OMA costs per property served	\$/Prop	$\frac{\text{Total operations, maintenance and administration expenditure (by service)}}{\text{Total number of properties served}}$

Table C.4 Non-financial performance indicators: Urban transport

<i>Indicator</i>	<i>Units</i>	<i>Definition</i>
<i>Economic Factors</i>		
Total factor productivity	Index	Refer to: Steering Committee on National Performance Monitoring of Government Trading Enterprises (July 1992) <i>Measuring Total Factor Productivity of Government Trading Enterprises</i> .
Economic rate of return	%	Refer to: Steering Committee on National Performance Monitoring of Government Trading Enterprises (July 1992) <i>An Economic Framework for Assessing the Financial Performance of Government Trading Enterprises</i> .
<i>Size</i>		
Cash box and other non-government revenue	\$'000	All revenue received from non-government sources including receipts from customers, interest received, revenue from asset sales and abnormal revenue.
<i>Efficiency</i>		
Passenger revenue per total vehicle capacity kilometres	Cents/ TVCKm	$\frac{\text{Total passenger revenue (FTE)}}{\text{Total vehicle capacity kilometres}}$
Expenditure per total vehicle capacity kilometres	Cents/ TVCKm	$\frac{\text{Total expenditure}}{\text{Total vehicle capacity kilometres}}$
Employees per vehicle	Emp/Veh	$\frac{\text{Total employees (FTE)}}{\text{Maximum daily vehicle demand}}$
Vehicles in excess of maximum daily demand	%	$\frac{(\text{Revenue vehicle fleet} - \text{Maximum daily vehicle demand})}{\text{Maximum daily vehicle demand}} * 100$
Kilometres per vehicle	km/Veh	$\frac{\text{Total vehicle kilometres}}{\text{Revenue vehicle fleet}}$
Vehicle kilometres per employee	km/Emp	$\frac{\text{Total vehicle kilometres}}{\text{Total employees}}$
Vehicle capacity kilometres per employee	'000 TVCKm/ Emp	$\frac{\text{Total vehicle capacity kilometres}}{\text{Total employees}}$
Total days lost	%	$\frac{\text{Total days lost} * 100}{\text{Days worked}}$

Table C.4 Non-financial performance indicators: Urban transport (cont.)

<i>Indicator</i>	<i>Units</i>	<i>Definition</i>
<i>Effectiveness</i>		
Real price index	Index	$\frac{\text{Current year average selling price index} * 100}{\text{Current year local State Capital CPI index}}$ The average selling price equals the total of prices for individual services weighted by their contribution to total revenue.
Boardings per vehicle kilometre	Bd/km	$\frac{\text{Total passenger boardings}}{\text{Total vehicle kilometres}}$
Boardings per employee	Bd/Emp	$\frac{\text{Total passenger boardings}}{\text{Total employees}}$
Boardings per head of population:		
- metro	Bd/Hd	$\frac{\text{Total passenger boardings}}{\text{Population of metropolitan area}}$
- catchment	Bd/Hd	$\frac{\text{Total passenger boardings}}{\text{Population of catchment area}}$
<i>Service Quality</i>		
Service cancellations	%	$\frac{\text{Number of services cancelled} * 100}{\text{Number of scheduled services}}$
Service delays	%	$\frac{\text{Number of services delayed} * 100}{\text{Number of scheduled services}}$
<i>Size</i>		
Total employment	No	The average of full time equivalent staff at the beginning and end of the period unless otherwise stated.
Total vehicle kilometres	'000 km	All kilometres travelled by revenue vehicle fleet.
Total passenger boardings	'000	Total number of passenger boardings for the mode, including charter passengers.
Number of scheduled services	'000	Total number of scheduled route services per annum.
Revenue vehicle fleet	No	Total vehicles in stock. Excludes vehicles awaiting disposal, vehicles used for heritage purposes and training vehicles not configured for operations.

Table C.4 Non-financial performance indicators: Urban transport (cont.)

<i>Indicator</i>	<i>Units</i>	<i>Definition</i>
<i>Cost and Revenue Measures</i>		
Average fare per boarding	\$/Bd	$\frac{\text{Total passenger revenue}}{\text{Total passenger boardings}}$
Passenger revenue per vehicle kilometre	\$/km	$\frac{\text{Total passenger revenue}}{\text{Total vehicle kilometres}}$
Passenger revenue per employee	\$/Emp	$\frac{\text{Total passenger revenue}}{\text{Total employees}}$
Expenditure per vehicle kilometre	\$/km	$\frac{\text{Total expenditure}}{\text{Total vehicle kilometres}}$
Expenditure per boarding	\$/Bd	$\frac{\text{Total expenditure}}{\text{Total passenger boardings}}$
Government operating subsidy	%	$\frac{\text{Total revenue from government} * 100}{\text{Total expenditure}}$

Table C.5 Non-financial performance indicators: Railways

<i>Indicator</i>	<i>Units</i>	<i>Definition</i>
<i>Economic Factors</i>		
Total factor productivity	Index	Refer to: Steering Committee on National Performance Monitoring of Government Trading Enterprises (July 1992) <i>Measuring Total Factor Productivity of Government Trading Enterprises</i> .
Economic rate of return	%	Refer to: Steering Committee on National Performance Monitoring of Government Trading Enterprises (July 1992) <i>An Economic Framework for Assessing the Financial Performance of Government Trading Enterprises</i> .
<i>Efficiency</i>		
Employee productivity:		
- urban rail passenger journeys per employee	No/Emp	$\frac{\text{Number of urban passenger journeys}}{\text{Number of urban rail employees (FTE)}}$
- non-urban passenger kilometres per employee	'000Pkm/ Emp	$\frac{\text{Non urban passenger kms}}{\text{Number of non urban rail employees}}$
- net freight tonne-kilometres per employee	'000NFTkm/ Emp	$\frac{\text{Net freight tonne kilometers}}{\text{Number of freight rail employees}}$
Net freight tonne-kilometres per wagon	'000NFTkm/ Wag	$\frac{\text{Net freight tonne kilometers}}{\text{Number of wagons (average)}}$
Net freight tonne-kilometres per locomotive	'000NFTkm/ Loco	$\frac{\text{Net freight tonne kilometers}}{\text{Number of locomotives (average)}}$
Total days lost		$\frac{\text{Total days lost} * 100}{\text{Total days worked}}$

Table C.5 Non-financial performance indicators: Railways (continued)

<i>Indicator</i>	<i>Units</i>	<i>Definitions</i>
<i>Effectiveness</i>		
Real price index	Index	$\frac{\text{Current year average selling price index} * 100}{\text{Current year local State Capital CPI index}}$ <p>The average selling price equals the total of prices for individual services weighted by their contribution to total revenue.</p>
Real urban fare revenue index	Index	<p>To calculate index first calculate nominal average urban prices as follows:</p> $\frac{\text{Urban passenger revenue}}{\text{Urban rail passenger journeys}}$
Real non-urban fare revenue index	Index	<p>To calculate index first calculate nominal average non-urban prices as follows:</p> $\frac{\text{Non urban passenger revenue}}{\text{Non urban passenger kilometers}}$
Real freight revenue index	Index	<p>To calculate index first calculate nominal average freight prices as follows:</p> $\frac{\text{Freight revenue}}{\text{Non urban passenger kilometers}}$
Train kilometres per level crossing accident	'000 km/ Accident	$\frac{\text{Train kilometers}}{\text{Number of level crossing accidents}}$
Train trips cancelled	No	Cancellations for any reason including industrial action. Excludes trips which had commenced.
Number of level crossing accidents	No	
Train kilometres	'000 km	

Table C.5 Non-financial performance indicators: Railways (continued)

<i>Indicator</i>	<i>Units</i>	<i>Definition</i>
<i>Service Quality</i>		
Service cancellations (urban only)	%	$\frac{\text{Train trips cancelled} * 100}{\text{Total trips scheduled}}$
Total trips scheduled	No	
On time running:		
- urban (within 3 minutes)	%	$\frac{\text{Number of trips arriving within three minutes of scheduled time}}{\text{Total trips scheduled}}$
- non-urban (various)	%	$\frac{\text{Number of trips arriving within scheduled time}}{\text{Total trips scheduled}}$
- freight (within 30 minutes)	%	$\frac{\text{Number of trips arriving within thirty minutes of scheduled time}}{\text{Total trips scheduled}}$
<i>Size</i>		
Cash box and other non-government revenue	\$M	All revenue from non-government sources including receipts from customers, interest received, revenue from asset sales and rents and abnormal revenue.
Total route-kilometres operated (average)	Kms	Includes operational track only and multi-user track whether it used by passenger or freight trains.
Urban rail passenger journeys	'000	
Non-urban passenger kilometres	Mill. Pkm	
Number of employees (average)	Emp	The average of full time equivalent staff at the beginning and end of the reporting period unless otherwise stated.
Net freight tonne-kilometres	Mill.NFTkm	
Net freight tonne-kilometres per route-kilometres	'000NFTk m/Rkm	$\frac{\text{Net freight tonne kilometers}}{\text{Route kilometers (average)}}$
Route-kilometres (freight)	Rkm	Includes operational; track only. Excludes multi-use track where only passenger lines run.

Table C.5 Non-financial performance indicators: Railways (continued)

<i>Indicator</i>	<i>Units</i>	<i>Definition and Notes</i>
<i>Size (continued)</i>		
Number of wagons	No	Includes wagons under repair, overhaul or stored for seasonal traffic. Excludes wagons awaiting disposal and non-revenue (departmental wagons)
Number of locomotives	No	Includes shunt locomotives, locomotives under repair, overhaul or stored for seasonal traffic. Excludes locomotives awaiting disposal and locomotives used for passenger services
<i>Cost and Revenue Measures</i>		
Revenue per passenger:		
- urban (per journey)	Cents	$\frac{\text{Total urban passenger revenue, including reimbursement for concession}}{\text{Total urban passenger journeys}}$
- non-urban (per passenger km)	Cents	$\frac{\text{Total non - urban passenger revenue, including reimbursement for concession}}{\text{Total non urban passenger kilometres}}$
Urban passenger revenue	\$'000	
Non-urban passenger revenue	\$'000	
Revenue per net freight tonne-kilometre	Cents/ NFTkm	$\frac{\text{Freight revenue excluding government subsidies}}{\text{Net tonne kilometres}}$
Freight revenue	\$'000	All revenue earned from freight operations, excluding property rentals, assets sales, advertising, investment income and government payments.

Table C.6 Non-financial performance indicators: Port authorities

<i>Indicator</i>	<i>Units</i>	<i>Definition and Notes</i>
<i>Economic Factors</i>		
Total factor productivity	Index	Refer to: Steering Committee on National Performance Monitoring of Government Trading Enterprises (July 1992) <i>Measuring Total Factor Productivity of Government Trading Enterprises</i> .
Economic rate of return	%	Refer to: Steering Committee on National Performance Monitoring of Government Trading Enterprises (July 1992) <i>An Economic Framework for Assessing the Financial Performance of Government Trading Enterprises</i> .
<i>Efficiency</i>		
Port authority charges per unit of cargo	\$/MT	$\frac{\text{Port authority charges}}{\text{Total tonnage}}$ Port authority charges include all cargo-related and directly identifiable ship based charges of the Port Authority in the reporting period.
Port authority costs per unit of cargo	\$/MT	$\frac{\text{Port authority costs}}{\text{Total tonnage}}$ Port authority costs include all actual operating costs in the reporting period.
Shipping charges per mass tonne	\$/MT	
Total days lost	%	$\frac{\text{Total days lost} * 100}{\text{Total days worked}}$
<i>Effectiveness</i>		
Real Price Index of port authority charges	Index	$\frac{\text{Current year average selling price index} * 100}{\text{Current year local State Capital CPI index}}$ The average selling price equals the total of prices for individual services weighted by their contribution to total revenue.
<i>Size</i>		
Total employment	No	The average of full time equivalent staff at the beginning and end of the reporting period unless otherwise stated.

Table C.6 Non-financial performance indicators: Port authorities (cont.)

<i>Indicator</i>	<i>Units</i>	<i>Definition and Notes</i>
<i>Effectiveness</i>		
Berth occupancy	%	$\frac{[\text{Length of vessel} * \text{Time vessel is at berth}] \text{ summed over all vessels using berth(s)} * 100}{[\text{Wharf length} * \text{Time available during reporting period}] \text{ summed over all berth (s)}}$
<i>Service Quality</i>		
Time at berth	Hours	Time at berth is calculated from the elapsed time from first line ashore to the last line off.
Turnaround time	Hours	The time elapsed from incoming arrival at the port boundary, dropping anchor, taking a pilot on board, passing some suitable mark, or however this is generally defined locally, to time of departure after passing that same point on the way out.
Cargo processed/ship working time	MT/Hr	$\frac{\text{Total cargo processed in reporting period}}{\text{Total working time on all ships in period}}$
Cargo processed/gross ship time	MT/Hr	$\frac{\text{Total cargo processed (by type) in reporting period}}{\text{Sum of ship turnaround times in period}}$
Stevedoring idle time	%	$\frac{\text{Time that "A" register waterside workers are available, but not required, to work} * 100}{\text{Total time that "A" register waterside workers are available for work}}$
Average delay time per ship due to industrial disputes	Hours	
<i>Size</i>		
Cargo handled	'000 MT	
Number of containers handled	TEUs	
Number of vessel movements	No	
<i>Safety</i>		
Shipping incidents	No	

Table C.7 Non-financial performance indicators: Other Commonwealth

<i>Indicator</i>	<i>Units</i>	<i>Definition</i>
AIRSERVICES AUSTRALIA		
<i>Economic factors</i>		
Total factor productivity	Index	Refer to: Steering Committee on National Performance Monitoring of Government Trading Enterprises (July 1992) <i>Measuring Total Factor Productivity of Government Trading Enterprises</i> .
Economic rate of return	%	Refer to: Steering Committee on National Performance Monitoring of Government Trading Enterprises (July 1992) <i>An Economic Framework for Assessing the Financial Performance of Government Trading Enterprises</i> .
<i>Size</i>		
Average employment	No	The average of full time equivalent staff at the beginning and end of the reporting period unless otherwise stated.
<i>Effectiveness</i>		
Real price index	Index	$\frac{\text{Current year average selling price index} * 100}{\text{Current year local State Capital CPI index}}$ The average selling price equals the total of prices for individual services weighted by their contribution to total revenue.
<i>Safety</i>		
Air traffic service incidents per 100 000 aircraft movements	No	$\frac{\text{Total number of events outside specified standards}}{100\,000 \text{ aircraft movements}}$ One movement equals one departure or one arrival.
Lost injury time per million employee hours	1/Million	$\frac{\text{Lost injury time in hours}}{\text{Millions of employee hours}}$
Workers compensation cost in real terms per employee	\$/Emp	$\frac{\text{Total cost of workers compensation (indexed for inflation)}}{\text{Average number of employees}}$

Table C.7 Non-financial performance indicators:
 Other Commonwealth (continued)

<i>Indicator</i>	<i>Units</i>	<i>Definition and Notes</i>
AIRSERVICES AUSTRALIA (continued)		
Service Quality		
Number of airways facilities in service	No	Equipment installation used in providing air traffic services or navigational support.
Number of airways facilities failures	No	Total number of airways facilities failures.
Average outage time	Hours	Time that airways facility is out of service. Incident is usually unscheduled.
Aircraft delays greater than 5 minutes	%	$\frac{\text{Number of delays greater than five minutes} * 100}{\text{Total movements}}$
Average delay per movement	Min	$\frac{\text{Average delay in minutes}}{\text{Total aircraft movements}}$ One movement equals one departure or one arrival.
Cost and Revenue Measures		
Maintenance cost of national airways facilities	\$M	Total maintenance cost of all national airways facilities in service.
Annual cost per aircraft (MTOW) tonne landed	\$/Tonne	$\frac{\text{Total annual air service costs}}{\text{Maximum take off weight - tonne landed}}$ Tonne landed: contribution to total based on MTOW
Annual cost per tonne kilometre flown	\$/Tkm	$\frac{\text{Total annual air service costs}}{\text{Tonne kilometer} * \text{maximum take off weight}}$

Table C.7 Non-financial performance indicators:
Other Commonwealth (continued)

<i>Indicator</i>	<i>Units</i>	<i>Definition</i>
<i>ANL Ltd</i>		
<i>Economic factors</i>		
Total factor productivity	Index	Refer to: Steering Committee on National Performance Monitoring of Government Trading Enterprises (July 1992) <i>Measuring Total Factor Productivity of Government Trading Enterprises</i> .
Economic rate of return	%	Refer to: Steering Committee on National Performance Monitoring of Government Trading Enterprises (July 1992) <i>An Economic Framework for Assessing the Financial Performance of Government Trading Enterprises</i> .
<i>Efficiency</i>		
Average real price	Index	
Seagoing employees per vessel	Emp/Vess	$\frac{\text{Average number of seagoing employees}}{\text{Average number of vessels}}$
TEUs per terminal employee	TEU/TEmp	$\frac{\text{Throughput TEUs}}{\text{Average number of terminal employees}}$
Total bulk tonnes carried per bulk ship	Mill.Tonnes/ Vess	$\frac{\text{Total bulk tonnes carried by bulk ships}}{\text{Average number of bulk ships}}$
<i>Size</i>		
Average number of employees	Emp	The average of full time equivalent staff at the beginning and end of the reporting period unless otherwise stated.
Throughput (TEU)	TEU	Twenty-foot equivalent unit: a container counting unit based on the International Standards Organisation 20ft by 8.5ft by 8.5ft container. Some containers are of dimensions 40ft by 8.5ft by 8.5ft. These containers equate to two TEUs.
Average number of vessels	No	The average of number of vessels at the beginning and end of the reporting period unless otherwise stated.
Average number of DWT	'000 DWT	Deadweight tonnage: the total weight in tonnes that a ship can carry on a specified draft including cargo, fuel, water in tanks, stores and crew and their effects.

Table C.7 Non-financial performance indicators:
Other Commonwealth (continued)

<i>Indicator</i>	<i>Units</i>	<i>Definition</i>
<i>ANL Ltd (continued)</i>		
<i>Cost and Revenue Measures</i>		
Revenue per average number of - employees	\$'000/Emp	$\frac{\text{Total revenue}}{\text{Average number of employees}}$
- vessels	\$'000/Vess	$\frac{\text{Total revenue}}{\text{Average number of vessels}}$
- DWT	\$'000/DWT	$\frac{\text{Total revenue}}{\text{Total deadweight tonnage}}$
Profit per average number of employees	\$'000/Emp	$\frac{\text{Total revenue} - \text{Total expense}}{\text{Average number of employees}}$

Table C.7 Non-financial performance indicators:
Other Commonwealth (continued)

<i>Indicator</i>	<i>Units</i>	<i>Definition and Notes</i>
AUSTRALIA POST		
<i>Economic factors</i>		
Total factor productivity	Index	Refer to: Steering Committee on National Performance Monitoring of Government Trading Enterprises (July 1992) <i>Measuring Total Factor Productivity of Government Trading Enterprises</i> .
Economic rate of return	%	Refer to: Steering Committee on National Performance Monitoring of Government Trading Enterprises (July 1992) <i>An Economic Framework for Assessing the Financial Performance of Government Trading Enterprises</i> .
<i>Efficiency</i>		
Total days lost:	%	$\frac{\text{Total days lost} * 100}{\text{Total days worked}}$
Labour productivity	Index	Revenue at constant prices per paid work year.
Mail volume rise	%	Annual percentage change in total mail articles handled.
Delivery points rise	%	Annual percentage change in total number of mail article delivery points.
Articles handled per employee	'000	$\frac{\text{Total number of mail articles handled}}{\text{Average number of employees (FTE)}}$
Delivery points per employee	No/Emp	$\frac{\text{Total number of mail article delivery points}}{\text{Average number of employees (FTE)}}$
<i>Effectiveness</i>		
Mail volume	Million	Total number of mail articles handled.
Real standard letter price	Index	Real postage rate applicable to standard letters carried within Australia by ordinary post.

Table C.7 Non-financial performance indicators:
Other Commonwealth (continued)

<i>Indicator</i>	<i>Units</i>	<i>Definition and Notes</i>
AUSTRALIA POST (continued)		
Service Quality		
Articles delivered:		
- within advertised time	%	Percentage of articles delivered within advertised time (see delivery standards).
- within advertised time or one day later	%	Percentage of articles delivered within advertised time or one day later (see delivery standards).
Delivery standards		
- across town	Days	Post for delivery within metropolitan areas of capital cities or within the same city or town and environs.
- major centres (Intrastate)	Days	Post for delivery between metropolitan areas of capital cities and country locations within the state.
- major centres (interstate)	Days	Post for delivery between metropolitan areas of capital cities and country locations between states.
- distant areas	Days	Post for delivery between countries and remote locations.
Size		
Cost of CSOs	\$M	Total cost of providing community service obligation.
Average number of post service providers	No	The average number of post service providers, by classification.
Average number of		
- postage points	No	The average number of retail and other postal outlets and street posting boxes at the beginning and end of the reporting period unless otherwise stated.
- delivery points	'000s	The average number of mail article delivery points at the beginning and end of the reporting period unless otherwise stated.
Average number of employees	No	The average of full time equivalent staff at the beginning and end of the reporting period unless otherwise stated.

Table C.7 Non-financial performance indicators:
Other commonwealth (continued)

<i>Indicator</i>	<i>Units</i>	<i>Definition and Notes</i>
FEDERAL AIRPORTS CORPORATION		
<i>Economic factors</i>		
Total factor productivity	Index	Refer to: Steering Committee on National Performance Monitoring of Government Trading Enterprises (July 1992) <i>Measuring Total Factor Productivity of Government Trading Enterprises</i> .
Economic rate of return	%	Refer to: Steering Committee on National Performance Monitoring of Government Trading Enterprises (July 1992) <i>An Economic Framework for Assessing the Financial Performance of Government Trading Enterprises</i> .
<i>Efficiency</i>		
Passengers per average number of employees	Pass/Emp	$\frac{\text{Total number of revenue passengers carried}}{\text{Average number of employees (FTE)}}$
Movements per average number of employees	Mov/Emp	$\frac{\text{Total number of aircraft movements}}{\text{Average number of employees (FTE)}}$
Landed tonnes per movement	T/Mov	$\frac{\text{Total landed tonnes}}{\text{Total number of aircraft movements}}$
Change in movements	%	Annual percentage change in the total number of aircraft movements.
Percentage change in landed tonnes	%	Annual percentage change in total tonnes landed.
Real change in commercial revenue	Index	Annual percentage change in total commercial (non-aeronautical) revenue (indexed for inflation).
Real change in aeronautical revenue	Index	Annual percentage change in total aeronautical revenue (indexed for inflation).
Total days lost	%	$\frac{\text{Total days lost} * 100}{\text{Total days worked}}$

Table C.7 Non-financial performance indicators:
 Other Commonwealth (continued)

<i>Indicator</i>	<i>Units</i>	<i>Definition and Notes</i>
<i>FEDERAL AIRPORTS CORPORATION (continued)</i>		
<i>Effectiveness</i>		
Real Price Index	Index	$\frac{\text{Current year average selling price index} * 100}{\text{Current year local State Capital CPI index}}$ The average selling price equals the total of prices for individual services weighted by their contribution to total revenue.
Aircraft movements against total capacity:		Total capacity: the notional maximum capacity of the runway.
<i>Size</i>		
Average number of employees	No	The average of full time equivalent staff at the beginning and end of the reporting period unless otherwise stated.
Passengers	Million	Total number of revenue passengers carried, by classification.
Total aircraft movements	'000	One movement equals one departure or one arrival.
Tonnes landed	Million	Maximum take off weight fully laden with fuel.
<i>Cost and Revenue Measures</i>		
Share of revenue:		
- aeronautical	%	$\frac{\text{Total aeronautical revenue}}{\text{Total revenue}}$
- commercial	%	$\frac{\text{Total commercial (non aeronautical) revenue}}{\text{Total revenue}}$
Commercial revenue:		
- per passenger	\$/Pass	$\frac{\text{Total commercial (non aeronautical) revenue}}{\text{Total number of passengers carried}}$
- per employee	\$/000/Emp	$\frac{\text{Total commercial (non aeronautical) revenue}}{\text{Average number of employees}}$
Aeronautical revenue per average number of employees	\$/000/Emp	$\frac{\text{Total aeronautical revenue}}{\text{Average number of employees}}$

Table C.7 Non-financial performance indicators:
Other Commonwealth (continued)

<i>Indicator</i>	<i>Units</i>	<i>Definition and Notes</i>
TELSTRA CORPORATION		
<i>Economic factors</i>		
Total factor productivity	Index	Refer to: Steering Committee on National Performance Monitoring of Government Trading Enterprises (July 1992) <i>Measuring Total Factor Productivity of Government Trading Enterprises</i> .
Economic rate of return	%	Refer to: Steering Committee on National Performance Monitoring of Government Trading Enterprises (July 1992) <i>An Economic Framework for Assessing the Financial Performance of Government Trading Enterprises</i> .
<i>Efficiency</i>		
Telephone calls per average number of employees	No/Emp	Telephone calls include: local, trunk, international and cellular.
Telephone services per average number of employees	No/Emp	Telephone services include: all basic telephony services.
Telephone calls per \$million of fixed assets	No/\$M	Telephone calls include: local, trunk, international and cellular.
Total days lost	%	$\frac{\text{Total days lost} * 100}{\text{Total days worked}}$
<i>Effectiveness</i>		
Households with standard telephone service	%	Percentage of households with fixed point access.
Real price index	Index	$\frac{\text{Current year average selling price index} * 100}{\text{Current year local State Capital CPI index}}$ The average selling price equals the total of prices for individual services weighted by their contribution to total revenue.

Table C.7 Non-financial performance indicators:
Other commonwealth (continued)

<i>Indicator</i>	<i>Units</i>	<i>Definition and Notes</i>
TELSTRA CORPORATION (continued)		
Service Quality		
Faults cleared	%	A fault is registered when a customer notifies Telstra.
Operator assisted services	%	Percentage of calls answered.
Calls not answered due to network loss	%	Network loss: The percentage of call attempts that fail to establish a connection due to a shortage of/or malfunction of Telstra's public switch telephone network switching or signalling equipment.
Mobile calls prematurely disconnected	%	Percentage of all mobile calls disconnected before customer initiated disconnection.
Average number of payphones operating	%	
Size		
Average number of customer services with access to itemised bills	%	
Number of telephone calls	million	
Average number of employees	No	
New service connections	'000	Connection is to basic telephony services, fixed point residential and business.
Services in operation	'000	Basic telephony services in operation, fixed point residential and business.

ATTACHMENT D UNITS OF QUANTITY USED IN PERFORMANCE INDICATORS

Table D.1 Units of quantity used in performance indicators

<i>Abbreviation</i>	<i>Name</i>	<i>Abbreviation</i>	<i>Name</i>
Money		Time	
C	Cents	Sec	Seconds
\$	Dollars	Min	Minutes
\$'000	Thousand dollars	Hr	Hours
\$Mill or \$M	Million dollars	Pa	Per annum
Numbers		Ratios	
No	Numbers	%	Per cent
'000	Thousands	Ratio	Ratio
Mill	Millions	Index	Index
		RPI	Real price index
Other		Distance and derivatives	
Prop	Properties	km	Kilometres
Cus	Customers	Rkm	Route kilometres
Bd	Boardings	Pkm	Passenger kilometres
Hd	Head of population	TVckm	Tonne vehicle capacity kilometres
Pass	Passengers	NFTkm	Net freight tonne kilometres
Emp	Employees	Sq km	Square kilometres
FTE	Full time equivalents		
TEmp	Terminal employees		
Veh	Vehicles		
Wag	Wagons		
Loco	Locomotives		
Vess	Vessels		
Mov	Movements		
Acc	Accidents		
Aid	Navigation aid		
Assess	Assessments		
Trans	Transactions		
Power and energy		Mass and derivatives	
MVA	Mega (10 ⁶) volt amps	kg	Kilograms
MW	Mega (10 ⁶) watts	T	Tonnes
MWh	Mega (10 ⁶)-watt hours	DWT	Deadweight tonnes
GW	Giga (10 ⁹) watts	'000 MT	Thousand mass tonnes
GWh	Giga (10 ⁹)-watt hours		
TJ	Tera-joules (10 ¹²)		
GJ	Giga-joules (10 ⁹)		
		Volume	
		Vol	Volume
		'000m ³	Thousand cubic metre
		TEU	Twenty feet equivalent units
		kl	Kilolitres
		MI	Megalitres